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Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

**PUBLIC NOTICE**

CITY OF ALAMEDA HEALTH CARE DISTRICT BOARD OF DIRECTORS

# REGULAR MEETING AGENDA

## TUESDAY, APRIL 8, 2014

## 7:30 p.m. (CLOSED) || 8:30 p.m. (OPEN)

## *PLEASE NOTE START TIME FOR CLOSED & OPEN SESSION

**Location:** Alameda Hospital (Dal Cielo Conference Room)
2070 Clinton Avenue, Alameda, CA 94501
**Office of the Clerk: (510) 814-4001**

*Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address and present to the District Clerk. This will ensure your opportunity to speak. Please make your comments clear and concise, limiting your remarks to no more than three (3) minutes.*

**I. Call to Order** (7:30 p.m. – 2 East Board Room) — J. Michael McCormick

**II. Roll Call** — Thomas Driscoll

**III. Adjourn into Executive Closed Session**

**IV. Closed Session Agenda**

A. Call to Order

B. Approval of Closed Session Minutes

1. March 5, 2014 (Regular)

C. Medical Executive Committee Report and Approval of Credentialing Recommendations — H & S Code Sec. 32155

D. Board Quality Committee Report (BQC) — H & S Code Sec. 32155

E. Discussion of Pooled Insurance Claims — Gov't Code Sec. 54956.95

F. Consultation with Legal Counsel Regarding Pending and Threatened Litigation — Gov't Code Sec. 54957.6

G. Instructions to Bargaining Representatives Regarding Salaries, Fringe Benefits and Working Conditions — Gov't Code Sec. 54956.9(a)

H. Discussion of Report Involving Trade Secrets — H & S Code Sec. 32106

I. Adjourn into Open Session

**V. Reconvene to Public Session** (Expected to start at 8:30 p.m. – Dal Cielo Conference Room)

A. Announcements from Closed Session — J. Michael McCormick

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## VI. General Public Comment

## VII. Regular Agenda

A. Consent Agenda **ACTION ITEMS**

✓ 1) Approval of March 5, 2014 Minutes (Regular)
[enclosure] (pages 3-7)

✓ 2) Acceptance of February 2014 Unaudited Financial Statements
[enclosure] (pages 8-30)

✓ 3) Acceptance of the Annual Compliance Report
[enclosure] (pages 31-38)

✓ 4) Approval of Amendment to Medical Staff Rules and Regulations, Article 34
[enclosure] (pages 39-40)

A. Action Items

✓ 1) Discussion and Approval of Recommendations for District Post Affiliation Organization — Deborah E. Stebbins
[enclosure] (pages 41-48)

✓ 2) Approval of Resolution 2014-1L: Resolution Approving Ancillary Agreements to Joint Powers Agreement — Deborah E. Stebbins, Thomas Driscoll
[enclosure] (pages 49-52)

D. District Board President's Report INFORMATIONAL — J. Michael McCormick

E. Community Relations and Outreach Committee Report INFORMATIONAL — Jordan Battani

F. Medical Staff President Report INFORMATIONAL — Emmons Collins, MD

G. Chief Executive Officer Report INFORMATIONAL — Deborah E. Stebbins

✓ 1) Affiliation Updates & Monthly CEO Report
[enclosure] (pages 53-57)

- Affiliation Update, Quality Management Update, Bay Area and Bone and Joint Center Update, Community Relations and Foundation Update, Kate Creedon Center for Advance Wound Care Update, Nursing Department Update, Long Term Care Update, Information Systems Update, Preliminary March Key Statistics

## VIII. General Public Comments

## IX. Board Comments

## X. Adjournment

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the City of Alameda Health Care District Board of Directors
Open Session
Wednesday, March 5, 2014 Regular Meeting

| Board Members Present | Management Present | Legal Counsel Present | Guests |
|---|---|---|---|
| Jordan Battani<br>Lynn Bratchett, RN<br>Robert Deutsch, MD<br>J. Michael McCormick, President<br>Tracy Jensen | Deborah E. Stebbins<br>Kerry Easthope<br>Gloria Williams, RN | Thomas Driscoll, Esq.<br>Medical Staff Present<br>Emmons Collins, MD | <br>Excused<br> |
| Submitted by: Kristen Thorson, District Clerk and Heather Reyes, Administrative Secretary | | | |

| Topic | | Discussion | Action / Follow-Up |
|---|---|---|---|
| **I.** | Call to Order | The meeting was called to order at 6:06 p.m. | |
| **II.** | Roll Call | Ms. Thorson called roll noting a quorum of Directors was present. | |
| **III.** | Adjourn into Executive Closed Session | The meeting was adjourned into Executive Closed Session at 6:07 p.m. | |
| **IV.** | Closed Session Agenda | | |
| **V.** | Reconvene to Public Session | The meeting was reconvened into public session at 7:19 p.m. | |

A. Announcements from Closed Session

Director McCormick announced that Medical Staff Credential Recommendation Report was approved; the February Minutes were approved as well. Also discussed was the Medical Executive Committee Report which was approved.

**Initial Appointments – Medical Staff**

| | Name | Specialty | Affiliation | Appointment Period |
|---|---|---|---|---|

| Topic | Discussion | | | Action / Follow-Up |
|---|---|---|---|---|
| | • Jillan Cipa-Tatum, DO | Internal Medicine/Hospitalist | AIM | |
| | • Jhanst Menon, MD | Internal Medicine/Hospitalist | AIM | |
| | • Chetachi Okereke, MD | Internal Medicine/Hospitalist | AIM | |
| | • Allcja Orkiszewska, MD | Anesthesiology | Island Anesthesia | |
| | • Mridula Rewal, MD | Internal Medicine/Hospitalist | AIM | |
| | • Sarah Woon, MD | Internal Medicine/Hospitalist | AIM | |
| Reappointments – Medical Staff | | | | |
| | Name | Specialty | Staff Status | Appointment Period |
| | • Lawrence Gettler, MD | Emergency Medicine | Courtesy | 04/01/14 – 03/31/16 |
| | • Richard Graham, MD | Dermatology | Courtesy | 03/01/14 – 03/31/16 |
| | • Mariam Hasan, MD | Internal Medicine/Hospitalist | Courtesy | 04/01/14 – 03/31/16 |
| | • Mehra Hosseini, MD | Gastroenterology | Courtesy | 04/01/14 – 03/31/16 |
| | • Vishal Panchal, MD | Teleradology | Courtesy | 04/01/14 – 03/31/16 |
| | • Alka Sharma, MD | Internal Medicine/Nephrology | Active | 04/01/14 – 03/31/16 |
| | • Mark Tu, MD | Teleradology | Courtesy | 04/01/14 – 03/31/16 |
| | • Vivian Wing, MD | Teleradology | Courtesy | 04/01/14 – 03/31/16 |
| | • Kam Y. Wong, DPM | Podiatry | Courtesy | 04/01/14 – 03/31/16 |
| | • David Woo, MD | Teleradology | Courtesy | 04/01/14 – 03/31/16 |
| | • Robyn Young, MD | Neurology | Active | 04/01/14 – 03/31/16 |
| **Resignations** | | | | |
| | Name | Specialty | | |
| | • David Chang, MD | Orthopedics | | |
| | • Dat Ha, MD | Internal Medicine/Hospitalist | | |
| | • Teresa Thomas, PhD | Psychology | | |
| | • Linda Tran, MD | Internal Medicine/Hospitalist | | |

| Topic | Discussion | Action / Follow-Up |
|---|---|---|
| **VI.** | **General Public Comments**<br>There were no public comments | |
| **VII.** | **Regular Agenda** | |
| A. | **Consent Agenda**<br>1) Approval of February 5, 2014 Minutes (Regular)<br>2) Acceptance of January 2014 Unaudited Financial Statements | Director Jensen made a motion to approve the consent agenda as presented. Director Bratchett seconded the motion. The motion carried. |
| **B.** | **Special Presentation** | |
| | Before the presentation started Ms. Stebbins thanked Ms. Williams for the successful accomplishments that she and Alameda Hospital staff has made with Wound Care Program on site at the hospital.<br>A presentation entitled "Hospital Acquired Pressure Ulcers (HAPU): A Success Story" was given by Gloria Williams, RN, in which she reviewed in detail about pressure ulcers. Ms. Williams, summarized the following key areas:<br>• HAPU(Healthcare Acquired Pressure Ulcer) and POA (Present on Admission)<br>• Who is at High Risk<br>• The Financial Impact of HAPU<br>• Human Impact of Pressure Ulcers<br>• The HAPU PI Charter Committee, Goals & Objectives<br>• How "We" Are Doing?, How "We" Did It"?<br>• What Has Made the Biggest Difference?<br>• Our Wound Care Specialist<br>Ms. Williams stated that we are currently below the CALNOC levels as of the first 2 months of 2014 with zero pressure ulcers. Over the past three years, we have significantly decreased the pressure ulcer rate of 8 in Q2 of 2010. She noted that this reduction was accomplished by team work, from administration, nutrition, wound care nurses and all staff.<br>Director Jenson inquired about how the acute hospital works with the Wound Care Center. Ms. | |

| Topic | | Discussion | Action / Follow-Up |
|---|---|---|---|
| | | Williams replied that they work in conjunction with the Center. Dr. Collins asked if these numbers were for both the Sub Acute and the Acute settings. Ms. Williams replied that they were just for the Acute settings. Ms. Stebbins also noted that we do have a wound care nurse that is designated for the Sub Acute Unit.<br><br>Ms. Williams also acknowledged Ms. Rosie Apura, RN, BSN, WCC for all of her hard work and dedication to this program, her continuing support, and assistance in educating the nursing staff.<br><br>(Presentation available through Administration). | |
| | **C.** | **District Board President's Report**<br><br>President McCormick stated that he had attended the annual Tenure Awards Ceremony on February 26 and how impressed he was with the event. He reported that he was pleased that representatives from Alameda Health System executive team participated in the festivities.<br><br>He also noted that Director Battani and Jensen are currently working a report that will entail the details of the post affiliation structure and responsibilities of the District Board after the transition to AHS. | |
| | **D.** | **Community Relations and Outreach Committee Report**<br><br>Director Battani stated that the Community Relations meeting will be held on March 25. She also noted that she would like to further discuss the Community Relations Committee role will be after the affiliation is complete. Upcoming Events that Director Battani noted are as follows:<br><br>• The Chamber of Commerce Mixer is being held on March 12 the Dal Cielo Conference Room at 5:30 pm.<br>• A Volunteer Appreciation Event is being on April 9 the Dal Cielo Conference Room at 5:30 pm.<br>• The Spring Festival is being held on March 8 on Harbor Bay Landing beginning at 11:00 am.<br>• The Women Who Dare Luncheon is being held on March 22at the O'Club at Alameda Point | |
| | **E.** | **Medical Staff President Report**<br><br>Dr. Collins reported on the Stroke Program and award received, The Silver Plus Award from Get with the Guidelines. He also noted that Dr. Dutaret will give a Continuing Medical Education on March 11 at lunchtime in the Dal Cielo Conference Room, on "Stroke Mimics, Stokes that look like stokes, that are not". | |

| Topic | | Discussion | Action / Follow-Up |
|---|---|---|---|
| | **F.** | **Chief Executive Officer Report** | |
| | | 1) Monthly CEO Report<br>Ms. Stebbins stated that the close date for the afflation with Alameda Health System has been confirmed for April 30 with the licensure to take place at that time. The Integration Team leaders continue to meet weekly to discuss the details of the transition, which has been making positive progress in key areas such as Human Resources, Technical Support and I . However, she stated she is very concerned with the low number of outpatient surgical referrals and to date there have been zero medical transfers from the Highland Emergency Department.<br>Ms. Stebbins also noted that a meeting had taken place with Deputy Director, Toni Tully from Alameda County Behavioral Health Care Services and her team. They are designed to care for the mental health diagnosed patients. The meeting was an extremely positive and educational meeting that informed the staff of the resources that are available such as: 5150 crisis education, geriatric care mobile unit, and family and provider training, homeless placement, and many more resources. Ms. Stebbins would also like to provide a presentation to our Community Relations Committee in the future, as she noted that this is an extremely impressive program and one of the most successful meetings that she has participated of its kind. | |
| **VIII.** | | **General Public Comments**<br>No public comments | |
| **IX.** | | **Board Comments**<br>No comments | |
| **X.** | | **Adjournment**<br>Being no further business the meeting was adjourned at 7:54 p.m. | |



Attest:

J. Michael McCormick
President

Tracy Jensen
Secretary

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

# ALAMEDA HOSPITAL

## UNAUDITED FINANCIAL STATEMENTS

**FOR THE PERIOD ENDING FEBRUARY 28, 2014**

**CITY OF ALAMEDA HEALTH CARE DISTRICT**
**ALAMEDA HOSPITAL**
**FEBRUARY 28, 2014**

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# ALAMEDA HOSPITAL
# MANAGEMENT DISCUSSION AND ANALYSIS
### FEBRUARY 2014

The management of Alameda Hospital (the "Hospital") has prepared this discussion and analysis in order to provide an overview of the Hospital's performance for the period ending February 28, 2014 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments.* The intent of this document is to provide additional information on the Hospital's financial performance as a whole.

## *Highlights*

For the month of February, the Hospital experienced a combined net operating loss of $671,000 against a budgeted loss of $150,000. The major contributor to this loss is the lower acute discharges and patient days and low inpatient and outpatient surgery. Total operating expenses were under budget by $196,000.

February had 205 acute discharges, which was 43 or 17.2% below budget of 248 and lower than February 2013 which had 250 acute discharges. Total acute patient days were 789 or 201 (20.3%) below budget. The acute ALOS was 3.85 compared to a budget of 4.0. Much of our inpatient reimbursement is now based on DRG or discharge based reimbursement. Subacute days were also under budget in February by 59 days 6.5%, skilled nursing days were up at South Shore 0.9% and Waters Edge were up by 55 days (1.8%).

Overall outpatient activity was mixed again this month. Outpatient registrations were up 8.0%, Emergency Room visits were at budget, the Wound Care program had 418 visits in February compared to a budget of 376 or 11.2% above budget. Inpatient surgery was 42% under budget and outpatient surgery was 31.0% below budget.

The overall Case Mix Index (CMI) in was 1.28, lower than prior month and lower than the FY 2014 average of 1.33.

Cash and cash equivalents were $2.9 million at the end of February, down from prior month of $3.4 million. Total cash collections in February were just over $5.9 million an increase from the prior month of $5.7 million.

**Year to Date:**

The net YTD loss is $1,933,000 versus a budgeted net loss of $1,498,000. Helping to mitigate the YTD operating loss was receipt and recognition of the EHR incentive monies received in December 2013.

Acute discharges are 211 under budget and total discharges are 209 under budget. Acute patient days were 492 under budget and Long Term Care patient days are 1,114 above budget. Emergency and Wound Care visits are 556 under and 460 above budget respectively. Outpatient registrations are 104 below budget and total surgeries are 136 (9.0%) below budget with the majority of this coming from outpatient cases.

Total inpatient and outpatient gross revenues are under budget (2.4%) mostly occurring in the last couple of months, and total net patient revenue is under budget (3.2%) with net clinic revenue is running $155,000 under budget.

Total Operating Expenses are over budget by $54,000 or ( 0.1%) with the most significant variance being Salaries $610,000 above budget offset by Benefits expense being $476,000 (5.6%) below budget.

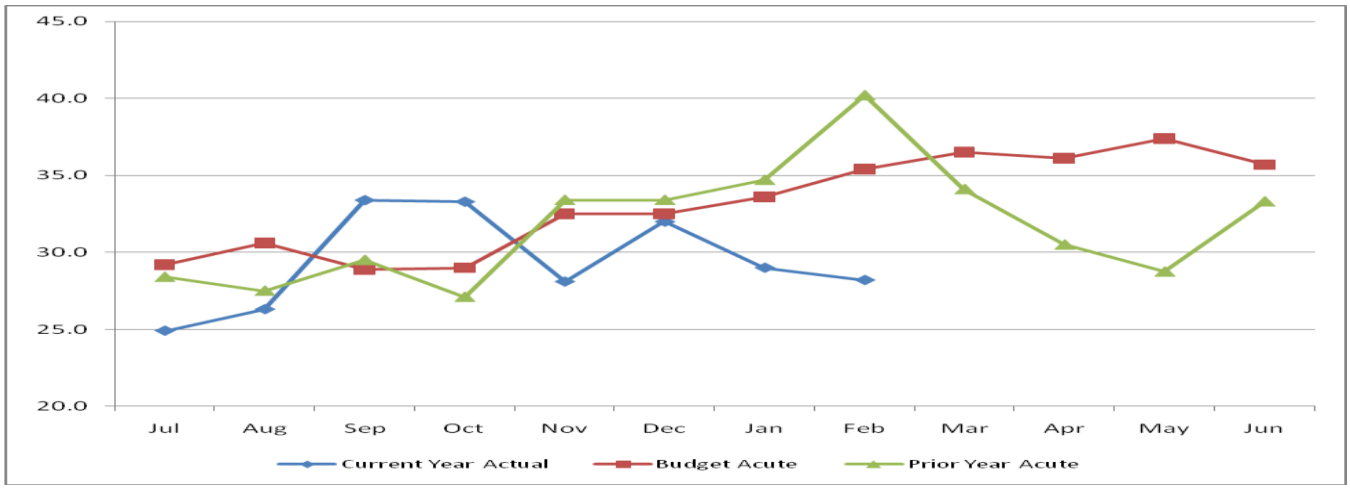
## *ACTIVITY*

### ACUTE, SUBACUTE AND SNF SERVICES

Overall, patient days were under budget this month by 3.6%, and below February 2013 by 6.0%. This month's acute days were below budget by 20.3%, Subacute was under 6.5%, South Shore was above 0.9% and Waters Edge was above by 1.8%.

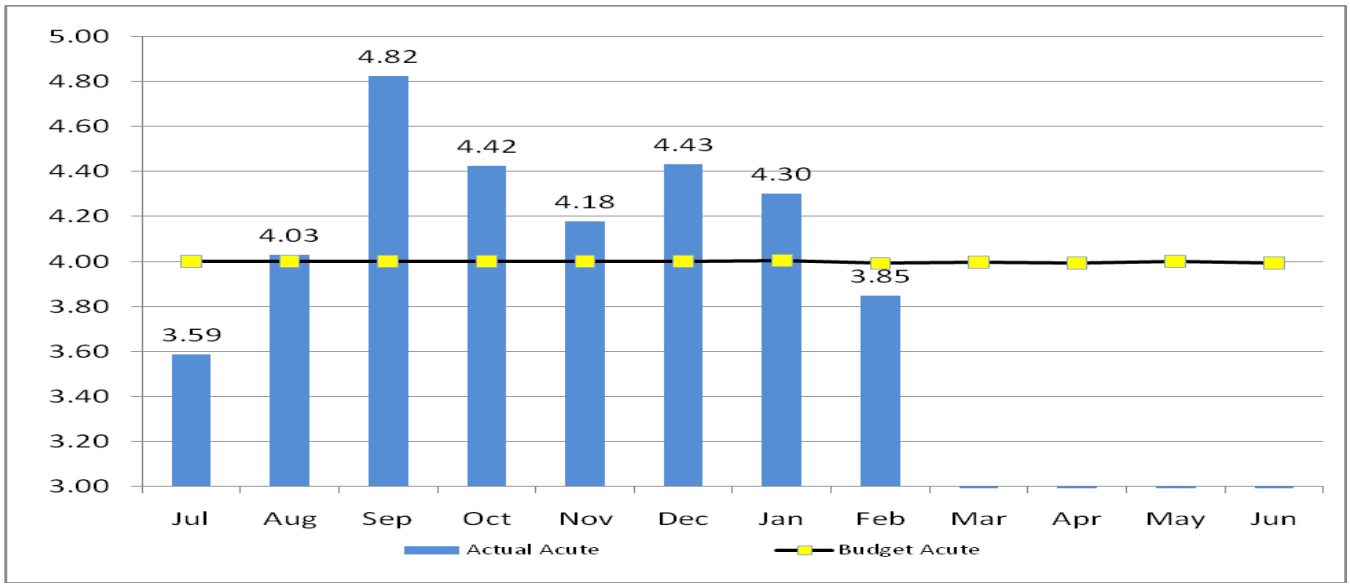
February's acute patient days were 201 days or 20.3% lower than budget for the month and 30% lower than February 2013. The acute care program is comprised of the Critical Care Unit (4.8 ADC, 17.5% above budget), Telemetry / Definitive Observation Unit (11.7 ADC, 4.1% below budget) and Med/Surg Unit (11.7 ADC, 31.5% below budget).

**Acute Average Daily Census**



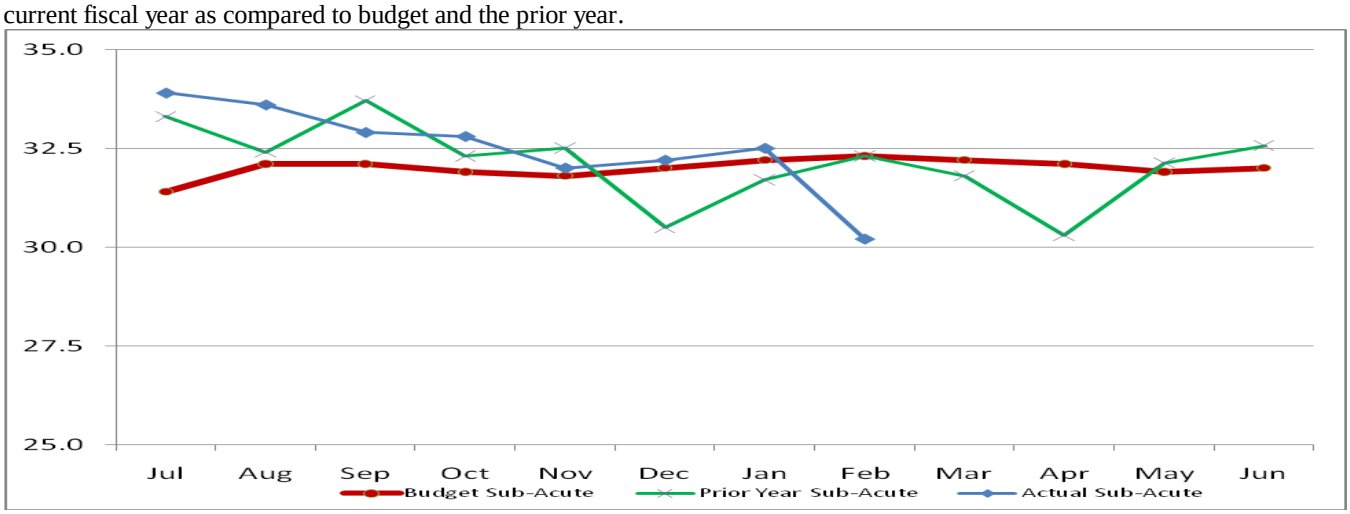

**Average Length of Stay (ALOS)**

The acute Average Length of Stay (ALOS) decreased from last month of 4.3 to 3.85 in February and is below the budget of 4.00. Management receives daily report updates on those patients with length of stays greater than five and continues to work with case management and members of the medical staff, including discussions at the UM Committee to try and better manage these and other utilization concerns. Managing length of stay has become more cricital as beginning in January acute Medi-Cal patients in the acute hospital begin getting paid on Medi-Cal DRG's. The graph below shows the ALOS by month compared to the budget.



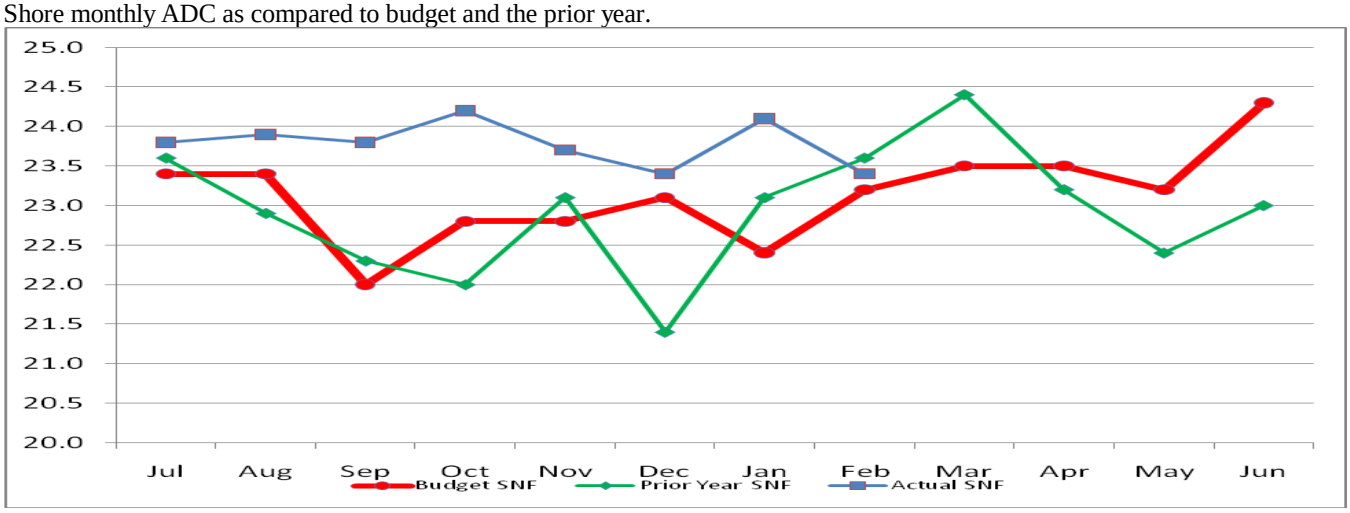
## Subacute Average Daily Census

The Subacute program ADC of 30.2 was below budget by 2.1 ADC or 6.5%. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year.



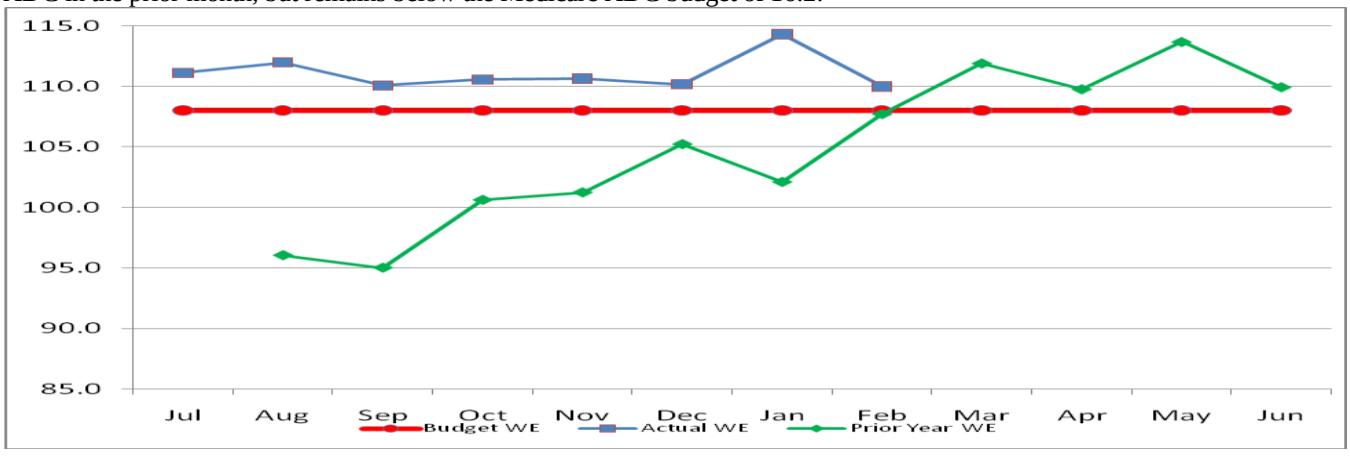

## South Shore Skilled Nursing Average Daily Census

The South Shore ADC was above budget by 6 patient days (0.9%) for the month of February. The graph below shows the South Shore monthly ADC as compared to budget and the prior year.




## Waters Edge Skilled Nursing Average Daily Census

Waters Edge census was 109.9 ADC or 1.96% above the budget of 108.0. The Medicare census was 9.6 ADC below the 11.2 ADC in the prior month, but remains below the Medicare ADC budget of 16.2.

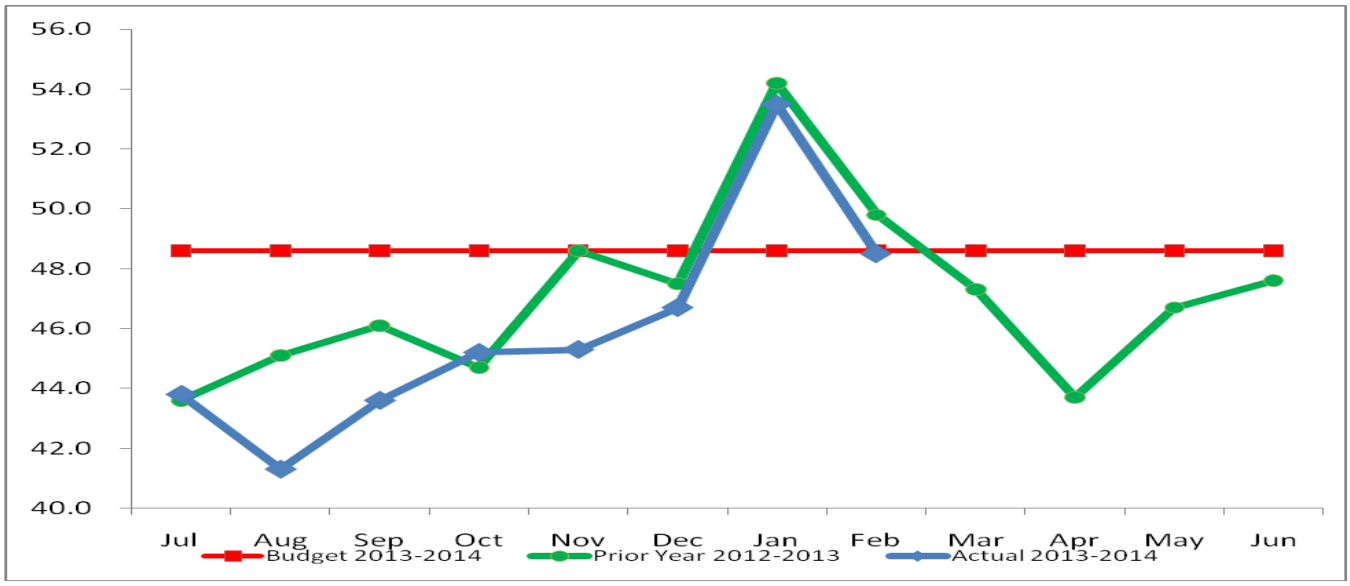


# *ANCILLARY SERVICES*

## Outpatient Services

Emergency Care Center (ECC) had 1,351 visits, 10 visits (0.7%) below the budget of 1,361. The inpatient admission rate from the ECC was 17.0% above the 14.9% in January. On a per day basis, the total visits represent an increase of 3.0% from the prior month daily average. In February, there were 276 ambulance arrivals versus 296 in the prior month. Of the 276 ambulance arrivals in the current month, 175 or 63% were from Alameda Fire Department (AFD).

**Emergency Care Visits Per Day**

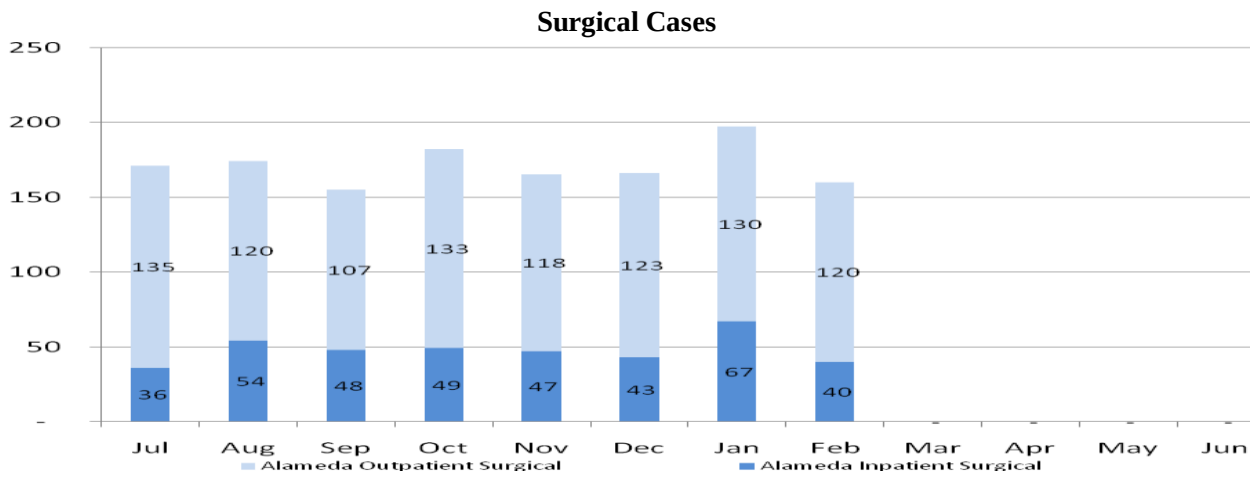



Outpatient registrations totaled 1,773 or 3.2% below budget. In February the number of patient visits were above budget in Wound Care (42) , MRI (5), Ultrasound (12) Physical Therapy (13) and IV Therapy (48). Visits were down in Laboratory (39), Radiology (34). In February there were 211 Therapy visits and 98 Imaging procedures referred from the new orthopedic clinic, compared to 130 and 134 respectively in January. Wound Care had 418 visits and was 42 visits (11.2%) above budget.

## Surgery

The total number of surgery cases in February were 160, which is 34.2% below the budget of 243 and below last year's case volume of 167. Inpatient cases were 29 below the budget of 69 and outpatient cases were 54 below the budget of 174. In February there were 23 cased performed by AHS surgeons versus a budget of 60. For the first two months they have completed 46 surgeries versus a budget of 87. Below is the payor mix of these new cases.

| AHS Surgeries | YTD Quantity | Percent | Budget % |
|---|---|---|---|
| Medicare | 5 | 10.9% | 4.8% |
| Medicare Mgd | 2 | 4.4% | 0.0% |
| Medi-Cal | 3 | 6.5% | 24.2% |
| Medi-Cal Mgd/HPAC | 35 | 76.0% | 62.3% |
| Mgd Care | 0 | 0.0% | 1.7% |
| Self Pay | 1 | 2.2% | 7.0% |
| | 4 | 100.0% | 100.0% |



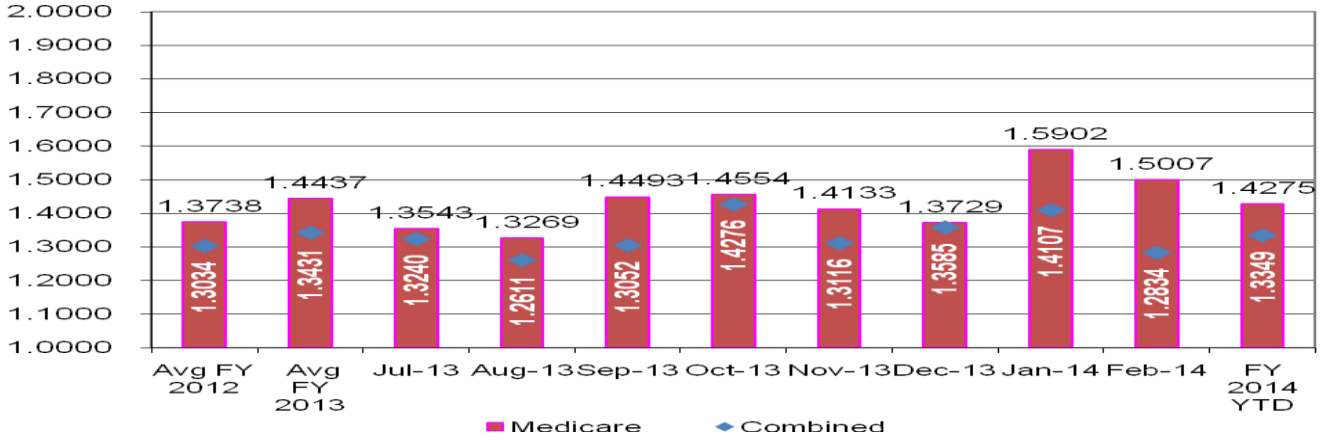

## *Payer Mix*

The Hospital's overall payer mix compared to budget is illustrated below and is inclusive of the Waters Edge revenue. Also shown are the acute hospital reimbursement percents by payer.

| | Total Payer Mix | | Acute Reimb Percent | |
|---|---|---|---|---|
| | Feb Actual | Feb Budget | Inpatient | Outpatient |
| Medicare | 48.0% | 50.2% | 22.3% | 14.4% |
| Medi-Cal | 28.9% | 23.6% | 22.1% | 4.8% |
| Managed Care | 15.6% | 17.1% | 24.5% | 21.9% |
| Other | 3.0% | 3.1% | 20.6% | 7.9% |
| Commerical | 1.1% | 0.7% | 29.3% | 15.8% |
| Self-Pay | 3.4% | 5.3% | 3.7% | 4.7% |
| Total | 100.0% | 100.0% | | |
| | | | | |
| Skilled Nursing | | | 41.0% | |

## *Case Mix Index*

The Hospital's overall Case Mix Index (CMI) for February was 1.28, down from the prior month of 1.41. The Medicare CMI was 1.50 in February, below the prior month of 1.59 but still higher than YTD average of 1.43. The graph below shows the Medicare CMI for the Hospital during the current fiscal year as compared to the prior two years.



## *Revenue*

Gross patient charges in February were below the budget by $3.17 million or 11.4%. Inpatient gross revenues were $2.8 million below budget and outpatient gross revenues were $374,000 below budget. Acute inpatient days were 201 (20.3%) below budget and acute routine gross revenue was down 15.7%. Inpatient ancillary service charges were also under budget in almost every area including Imaging, Pharmacy and Respiratory Therapy, Rehab Services, Laboratory and Central Supply.

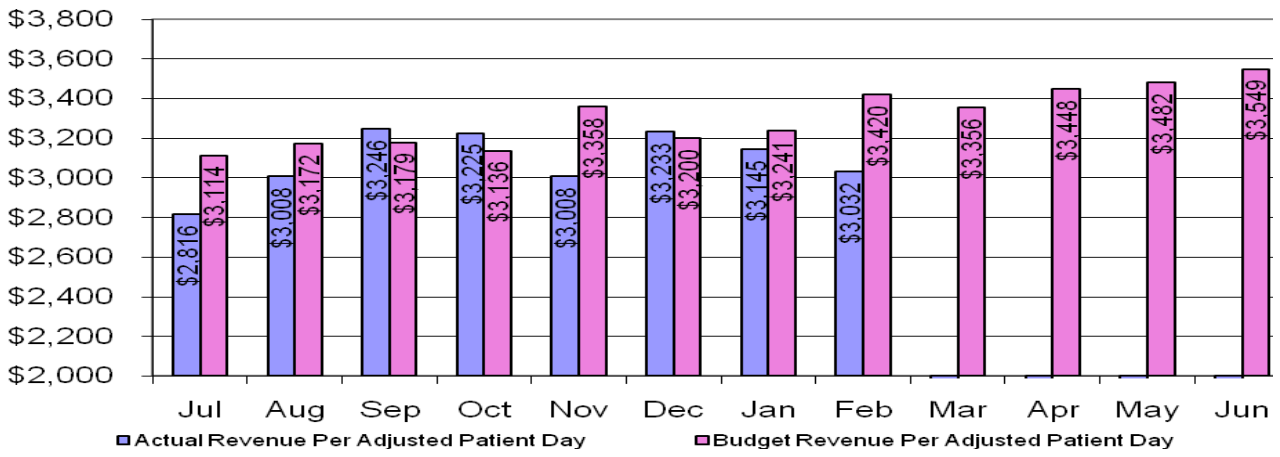
Waters Edge gross and net revenue were above budget in February consistent with the volume. The ancillary revenue was above budget 37.6% ( mostly attributed to therapy services) and the routine daily room and board revenue was above budget by 3.1%.

Outpatient gross revenues were under budget by $374,000 (4.2%). Surgery, Medical Supplies, Laboratory, and Pharmacy were below budget while Emergency, IVT, Imaging and Rehab were above budget.

Wound Care volume was above budget 11.2%, gross revenue was above budget by $98,156 (12.5%), resulting in Net Revenue coming in $18,468,000 (10.2%) above budget for the month. HBO had 75 visits helping contribute to the increased revenues.

On an adjusted patient day basis, total patient revenue was $3,032 below the budget of $3,2420 for the month of February. The table below shows the Hospital's monthly gross revenue per adjusted patient day by month and year-to-date for Fiscal Year 2014 compared to budget.

**Gross Charges per Adjusted Patient**




## Contractual Allowances and Net Revenue

Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payers such as Blue Cross. A Net Revenue percentage of 23.0% was budgeted and 23.2% was realized. In estimating monthly net revenue we do look at historical net to gross revenue by major financial class but also take into consideration the current month payor mix, discharges, case mix and overall patient volumes.

Total Net Operating Revenue was just over $5.8 million, $720,000 (5.6%)under the budget of $6.5million. Most of this negative variance is due to acute inpatient volumes (discharges and patient days) and surgey cases being under budget as previously discussed.

Waters Edge had Net Revenues of over $1.13 million, $39,500 or 3.6% above budget. Although the overall census was higher than budgeted, we again had fewer Medicare patients which was offset by a higher number of Medi-Cal days.

Wound Care net revenue was $18,468 (10.2%) above budget, consistent with volume and gross charges.

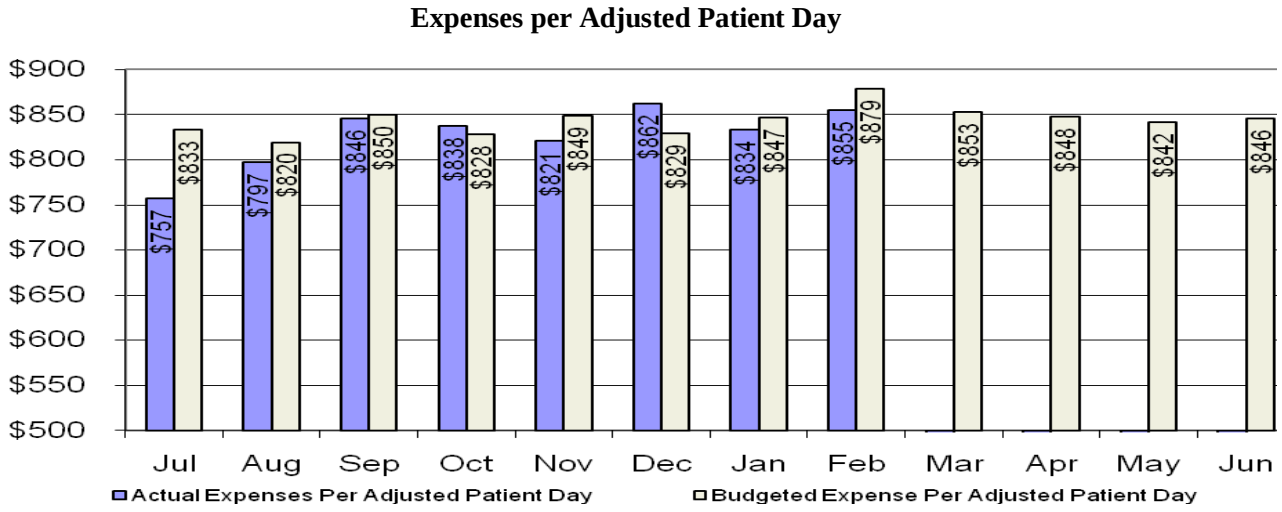
# *Expenses*

## Total Operating Expenses

Total operating expenses were just under $7 million which was below the fixed budget by $196,000 or 2.7%. We will discuss the variances of each major expense category in the following section.

Most expense categories were materially close to budget, with Salary and Supply expense under budget by $105,000 and $65,000 respectively and accounting for most the positive expense variance.

The graph below shows the actual Hospital operating expenses on an adjusted patient day basis for the fiscal year by month as compared to budget.




The following are explanations of the significant areas of variance that were experienced in the current month.

## Salary and Temporary Agency Expenses

Salary and Temporary Agency costs combined were favorable to the fixed budget by $90,000 (2.5%). Total salaries are below budget $105,000 and Registry (Temporary Agency Services) was above budget $15,000.

The $105,000 favorable salary expense variance is comprised of productive salaries being $64,000 (2.1%) under budget and non-productive salaries were $41,000 (8.4%) under budget.

**Productive Salaries**: Overall productive salaries were below budget, specifically in acute nursing (2.3%) due to lower census. Surgical services and Pharmacy were 18% and 22% under budget and Waters Edge and ECC were over budget 6.3% and 4.3% respectively. Most other departments were materially close to budget in terms of absolute dollars.

The productive salaries per adjusted patient day (APD) were $365 compared to a budget of $373. Total salaries per APD were $419 compared to a budget of $433 per APD.

**Non-productive salaries** were under budget by $41,000. Surgery was over budget $15,000 (higher standby pay with lower case load), and Laboratory was over budget $6,000 for orientation of a new CLS. Most acute Nursing Deparments were blow budget and most other ancillary and support departments were very close to budget in February.

Registry expense was over budget $15,000. While there was extra usage of temporary help in Waters Edge, ortho clinic, rehab and imaging services to replace vacant positions, registry usage in surgery, the emergency care center and acute nursing were all under budget.

### Benefits
Benefits were under budget by $26,000. Overall PTO / Vacation / Holiday utilization was very close to budget in February. Employee health benefits expense was under budget in the month.

### Professional Fees
Professional fees were over budget by $12,000 or 2.5%. Legal fees associated with affiliation work, Joint Commission fees, wound care management fees consistent with higher volumes and revenues and after hour pharmacy services being the key contributors to the variance.

### Supplies
Supplies expense were $65,000 under budget. While most departments were close to budget, the positive variance is volume and utilization related. Surgery supplies, wound care supplies, and pharmaceutical expenses are all under budget during the month. Wates Edge was over budget by about $24,000 for several routine expenditures related to medical supplies, food, and administrative expenses.

### Purchased Services
Purchased services were under budget for the month of February by $24,000 or 4.3%. While most departments were very close to budget this month Environmental Services was over budget due to their 5 week billing cycle each quarter and higher shredding expense. We are working with the vendor to get these expenses back in line with budget going forward. Rehab service expense at Waters Edge was below budget as was the Medicare ADC which is the highest utilize of these services.

### Other Expense Categories
The remainder of the expense categories were in line with budget during the month of February. No concerns to be noted and no additional discussion for this months narrative.

## *Balance Sheet*

Total assets decreased by $2.3 million from the prior month. The following items make up the decrease in assets:

- Total unrestricted cash and cash equivalents for February was $2.9 million a decrease of $461,000 from prior month of 3.4million.
- Net patient accounts receivable was $10.8 million, down the prior month of $11.2 million. Successive months of lower acute inpatient volumes and associated gross and net revenues have resulted in lower net accounts receivable.
- Days in outstanding receivables were up to 52.53 at February month end, a decrease from the January number of 54.8 days. Cash collections in February were $5.9 million. It is important to note that there were fewer collection days in February. Collections per day were $210,000 which is consistent with prior months.
- Other Receivables go down by $277,000 out of which $185k is cash received for stop loss cases.

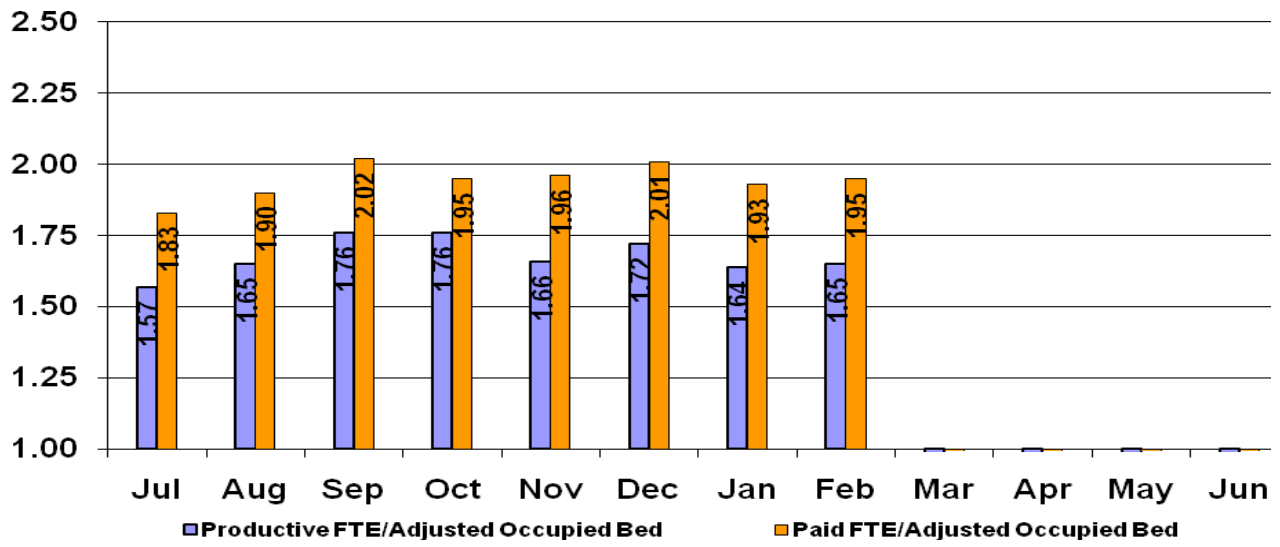
Overall, total liabilities decreased by $469,000 from the prior month:

- Accounts payable increased by $139,000 to $12.1 million which equates to 157 AP Days, consistent with 157 days in January.
- Payroll related accruals increased by $54,00.
- Deferred revenues decreased by $482,000 due to the recognition of one-twelfth of the 2013/2014 parcel tax revenues, which will be realized over the course of the fiscal year.
- Third Paty Payor Settlements decreased $142,000 related to the FY 2012 Medi-Cal cost report settlement coming in less than the accrued liability.

# *Key Statistics*

## FTE's Per Adjusted Occupied Bed

For the month of February Productive FTE's per Adjusted Occupied Bed were 1.65, below the budget of 1.76 FTE's. Paid FTE's per Adjusted Occupied Bed were 1.95 or 2.3% below the budget of 2.0. The graph below shows the productive and paid FTE's per Adjusted Occupied Bed for FY 2014 by month.




## Current Ratio

The current ratio for February is 0.85 down from 0.91 in January.

## A/R days

Net days in accounts receivable (A/R) are currently at 52.53. This is above the prior month of 54.8.

## Days Cash on Hand

Days cash on hand for February were 13.7, a decrease from prior month of 15.0.

The following pages include the detailed financial statements for the seven (8) months ended February 28, 2014, of Fiscal Year 2014.

# ALAMEDA HOSPITAL
## KEY STATISTICS
## FEBRUARY 2014

| | ACTUAL FEBRUARY 2014 | CURRENT FIXED BUDGET | VARIANCE (UNDER) OVER | % | FEBRUARY 2013 | YTD FEBRUARY 2014 | YTD FIXED BUDGET | VARIANCE | % | YTD FEBRUARY 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Discharges:*** | | | | | | | | | | |
| Total Acute | 205 | 248 | (43) | -17.2% | 250 | 1,698 | 1,909 | (211) | -11.1% | 1,901 |
| Total Sub-Acute | 3 | 3 | - | 0.0% | 3 | 15 | 22 | (7) | -31.8% | 21 |
| Total South Shore | 4 | 5 | (1) | -20.0% | 4 | 47 | 45 | 2 | 4.4% | 45 |
| Total Waters Edge | 18 | 15 | 3 | 20.0% | 18 | 127 | 120 | 7 | 5.8% | 104 |
| | 230 | 271 | (41) | -15.0% | 275 | 1,887 | 2,096 | (209) | -10.0% | 2,071 |
| ***Patient Days:*** | | | | | | | | | | |
| Total Acute | 789 | 990 | (201) | -20.3% | 1,125 | 7,144 | 7,636 | (492) | -6.4% | 7,697 |
| Total Sub-Acute | 846 | 905 | (59) | -6.5% | 903 | 7,905 | 7,768 | 137 | 1.8% | 7,850 |
| Total South Shore | 656 | 650 | 6 | 0.9% | 660 | 5,782 | 5,561 | 221 | 4.0% | 5,523 |
| Total Waters Edge | 3,079 | 3,024 | 55 | 1.8% | 3,016 | 27,000 | 26,244 | 756 | 2.9% | 21,426 |
| | 5,370 | 5,569 | (199) | -3.6% | 5,704 | 47,831 | 47,209 | 622 | 1.3% | 42,496 |
| ***Average Length of Stay*** | | | | | | | | | | |
| Total Acute | 3.85 | 4.00 | (0.15) | -3.8% | 4.50 | 4.21 | 4.00 | 0.21 | 5.2% | 4.05 |
| ***Average Daily Census*** | | | | | | | | | | |
| Total Acute | 28.18 | 35.36 | (7.18) | -20.3% | 40.18 | 29.40 | 31.42 | (2.02) | -6.4% | 31.67 |
| Total Sub-Acute | 30.21 | 32.32 | (2.11) | -6.5% | 32.25 | 32.53 | 31.97 | 0.56 | 1.8% | 32.30 |
| Total South Shore | 23.43 | 23.21 | 0.21 | 0.9% | 23.57 | 23.79 | 22.88 | 0.91 | 4.0% | 22.73 |
| Total Waters Edge | 109.96 | 108.00 | 1.96 | 1.8% | 107.71 | 111.11 | 108.00 | 3.11 | 2.9% | 101.07 |
| | 191.79 | 198.89 | (7.11) | -3.6% | 203.71 | 196.84 | 194.28 | (1.46) | -0.8% | 187.77 |
| ***Emergency Room Visits*** | 1,351 | 1,361 | (10) | -0.7% | 1,394 | 11,164 | 11,728 | (564) | -4.8% | 11,521 |
| ***Wound Care Clinic Visits*** | 418 | 376 | 42 | 11.2% | 379 | 3,336 | 2,876 | 460 | 16.0% | 1,824 |
| ***Outpatient Registrations*** | 1,773 | 1,832 | (59) | -3.2% | 1,806 | 16,115 | 16,216 | (101) | -0.6% | 15,026 |
| ***Surgery Cases:*** | | | | | | | | | | |
| Inpatient | 40 | 69 | (29) | -42.0% | 66 | 384 | 394 | (10) | -2.5% | 353 |
| Outpatient | 120 | 174 | (54) | -31.0% | 101 | 986 | 1,112 | (126) | -11.3% | 948 |
| | 160 | 243 | (83) | -34.2% | 167 | 1,370 | 1,506 | (136) | -9.0% | 1,301 |
| ***Adjusted Occupied Bed (AOB)*** | 289.56 | 291.33 | (1.77) | -0.6% | 277.88 | 287.92 | 282.65 | 5.27 | 1.9% | 249.39 |
| ***Productive FTE*** | 480.57 | 512.75 | (32.18) | -6.3% | 619.51 | 482.44 | 482.35 | 0.10 | 0.0% | 454.69 |
| ***Total FTE*** | 567.37 | 584.03 | (16.66) | -2.9% | 562.93 | 558.47 | 554.71 | 3.75 | 0.7% | 517.32 |
| ***Productive FTE/Adj. Occ. Bed*** | 1.66 | 1.76 | (0.10) | -5.7% | 2.23 | 1.68 | 1.71 | (0.03) | -1.8% | 1.82 |
| ***Total FTE/ Adj. Occ. Bed*** | 1.96 | 2.00 | (0.05) | -2.3% | 2.03 | 1.94 | 1.96 | (0.02) | -1.2% | 2.07 |

**City of Alameda Health Care District**
**Statements of Financial Position**
February 28, 2014

| | Current Month | Prior Month | Prior Year End |
|---|---|---|---|
| **Assets** | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | $ 2,935,919 | $ 3,397,429 | $ 4,861,959 |
| Patient Accounts Receivable, net | 10,846,999 | 11,232,028 | 12,041,516 |
| Other Receivables | 3,051,414 | 3,329,270 | 6,301,762 |
| Third-Party Payer Settlement Receivables | - | - | - |
| Inventories | 1,284,238 | 1,294,059 | 1,266,892 |
| Prepaids and Other | 421,730 | 458,159 | 450,309 |
| Total Current Assets | 18,540,299 | 19,710,945 | 24,922,439 |
| Assets Limited as to Use, net | 277,148 | 264,920 | 189,755 |
| **Fixed Assets** | | | |
| Land | 877,945 | 877,945 | 877,945 |
| Depreciable capital assets | 47,850,027 | 47,792,361 | 45,422,895 |
| Construction in progress | 2,314,229 | 2,224,497 | 3,583,725 |
| Depreciation | (41,322,827) | (41,213,797) | (40,581,813) |
| Property, Plant and Equipment, net | 9,719,374 | 9,681,006 | 9,302,752 |
| **Total Assets** | **$ 28,536,821** | **$ 29,656,871** | **$ 34,414,946** |
| **Liabilities and Net Assets** | | | |
| Current Liabilities: | | | |
| Current Portion of Long Term Debt | $ 1,960,408 | $ 2,001,630 | $ 826,007 |
| Accounts Payable and Accrued Expenses | 12,100,081 | 11,961,519 | 11,823,357 |
| Payroll Related Accruals | 4,772,617 | 4,718,959 | 5,195,271 |
| Deferred Revenue | 1,928,443 | 2,408,286 | 5,731,269 |
| Employee Health Related Accruals | 703,138 | 685,648 | 714,297 |
| Third-Party Payer Settlement Payable | 2,255,398 | 2,397,029 | 3,796,593 |
| Total Current Liabilities | 23,720,084 | 24,173,071 | 28,086,794 |
| Long Term Debt, net | 1,853,891 | 1,870,145 | 1,578,289 |
| Total Liabilities | 25,573,975 | 26,043,216 | 29,665,083 |
| Net Assets: | | | |
| Unrestricted | 2,685,698 | 3,348,736 | 4,350,108 |
| Temporarily Restricted | 277,148 | 264,920 | 399,755 |
| Total Net Assets | 2,962,845 | 3,613,656 | 4,749,863 |
| **Total Liabilities and Net Assets** | **$ 28,536,820** | **$ 29,656,872** | **$ 34,414,946** |

# City of Alameda Health Care District

**Statements of Operations**

February 28, 2014

$'s in thousands

| | Current Month | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | $ Variance | % Variance | Prior Year | Actual | Budget | $ Variance | % Variance | Prior Year |
| Patient Days | 5,371 | 5,569 | (198) | -3.6% | 5,704 | 47,832 | 47,209 | 623 | 1.3% | 42,496 |
| Discharges | 230 | 271 | (41) | -15.0% | 275 | 1,887 | 2,095 | (208) | -9.9% | 2,071 |
| ALOS (Average Length of Stay) | 23.35 | 20.59 | 2.76 | 13.4% | 20.74 | 25.35 | 22.53 | 2.81 | 12.5% | 20.52 |
| ADC (Average Daily Census) | 191.8 | 198.9 | (7.07) | -3.6% | 203.7 | 196.8 | 194.3 | 2.56 | 1.3% | 174.9 |
| CMI (Case Mix Index) | 1.2834 | | | | 1.3611 | 1.3423 | | | | 1.3482 |
| Revenues | | | | | | | | | | |
| Gross Inpatient Revenues | $ 16,282 | $ 19,075 | $ (2,793) | -14.6% | $ 20,216 | $ 147,862 | $ 152,316 | $ (4,453) | -2.9% | $ 144,136 |
| Gross Outpatient Revenues | 8,447 | 8,821 | (374) | -4.2% | 7,490 | 68,348 | 69,190 | (841) | -1.2% | 61,595 |
| Total Gross Revenues | 24,729 | 27,896 | (3,167) | -11.4% | 27,706 | 216,211 | 221,505 | (5,295) | -2.4% | 205,731 |
| Contractual Deductions | 18,148 | 20,236 | 2,088 | 10.3% | 20,483 | 160,698 | 160,224 | (474) | -0.3% | 148,041 |
| Bad Debts | 852 | 1,102 | 250 | 22.7% | 575 | 4,698 | 8,815 | 4,117 | 46.7% | 8,775 |
| Charity and Other Adjustments | 1 | 133 | 133 | 99.6% | 361 | 997 | 1,067 | 69 | 6.5% | 1,045 |
| Net Patient Revenues | 5,729 | 6,425 | (696) | -10.8% | 6,287 | 49,817 | 51,399 | (1,582) | -3.1% | 47,870 |
| Net Patient Revenue % | 23.2% | 23.0% | | | 22.7% | 23.0% | 23.2% | | | 23.3% |
| Net Clinic Revenue | 36 | 87 | (52) | -59.4% | 75 | 545 | 700 | (155) | -22.1% | 350 |
| Other Operating Revenue | 40 | 12 | 28 | 233.9% | 8 | 1,552 | 97 | 1,455 | 1505.2% | 448 |
| **Total Revenues** | **5,805** | **6,524** | **(720)** | -11.0% | **6,369** | **51,914** | **52,196** | **(282)** | -0.5% | **48,668** |
| Expenses | | | | | | | | | | |
| Salaries | 3,421 | 3,526 | 105 | 3.0% | 3,369 | 29,174 | 28,564 | (610) | -2.1% | 26,950 |
| Temporary Agency | 158 | 142 | (15) | -10.8% | 234 | 1,299 | 1,300 | 1 | 0.1% | 1,485 |
| Benefits | 1,023 | 1,049 | 26 | 2.4% | 1,002 | 7,965 | 8,440 | 476 | 5.6% | 7,344 |
| Professional Fees | 472 | 460 | (12) | -2.5% | 438 | 3,807 | 3,932 | 125 | 3.2% | 3,347 |
| Supplies | 793 | 858 | 65 | 7.6% | 797 | 6,682 | 6,591 | (91) | -1.4% | 6,159 |
| Purchased Services | 528 | 552 | 24 | 4.3% | 576 | 4,424 | 4,532 | 107 | 2.4% | 4,392 |
| Rents and Leases | 234 | 229 | (5) | -2.0% | 232 | 1,893 | 1,783 | (110) | -6.2% | 1,589 |
| Utilities and Telephone | 82 | 79 | (3) | -3.2% | 91 | 649 | 660 | 10 | 1.6% | 628 |
| Insurance | 30 | 40 | 9 | 22.9% | 41 | 280 | 308 | 28 | 9.1% | 304 |
| Depreciation and amortization | 109 | 112 | 3 | 2.6% | 72 | 742 | 720 | (22) | -3.0% | 580 |
| Other Operating Expenses | 122 | 121 | (1) | -0.9% | 95 | 904 | 936 | 32 | 3.4% | 814 |
| **Total Expenses** | **6,973** | **7,169** | **196** | 2.7% | **6,946** | **57,821** | **57,766** | **(54)** | -0.1% | **53,593** |
| **Operating gain (loss)** | **(1,168)** | **(645)** | **(523)** | -81.2% | **(577)** | **(5,907)** | **(5,570)** | **(337)** | 6.0% | **(4,925)** |
| **Non-Operating Income / (Expense)** | | | | | | | | | | |
| Parcel Taxes | 482 | 482 | - | 0.0% | 477 | 3,856 | 3,886 | (29) | -0.8% | 3,837 |
| Investment Income | 1 | - | 1 | 0.0% | 1 | 13 | - | 13 | 0.0% | 8 |
| Interest Expense | (14) | (16) | 2 | 10.1% | (21) | (120) | (125) | 5 | -3.7% | (99) |
| Other Income / (Expense) | 28 | 28 | (0) | -0.4% | 28 | 224 | 311 | (87) | -27.9% | 423 |
| **Net Non-Operating Income / (Expense)** | **497** | **495** | **2** | **0.4%** | **486** | **3,973** | **4,072** | **(99)** | **-2.4%** | **4,169** |
| **Excess of Revenues Over Expenses** | **$ (671)** | **$ (150)** | **$ (521)** | **347.0%** | **$ (92)** | **$ (1,933)** | **$ (1,498)** | **$ (435)** | **29.1%** | **$ (756)** |

## City of Alameda Health Care District

**Statements of Operations - Per Adjusted Patient Day**

February 28, 2014

| | Current Month | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | $ Variance | % Variance | Prior Year | Actual | Budget | $ Variance | % Variance | Prior Year |
| Revenues | | | | | | | | | | |
| Gross Inpatient Revenues | $ 1,996 | $ 2,342 | $ (346) | -14.8% | $ 2,586 | $ 2,114 | $ 2,219 | $ (105) | -4.7% | $ 2,376 |
| Gross Outpatient Revenues | 1,036 | 1,083 | (48) | -4.4% | 958 | 977 | 1,008 | (31) | -3.0% | 1,015 |
| Total Gross Revenues | 3,031 | 3,425 | (394) | -11.5% | 3,544 | 3,091 | 3,226 | (135) | -4.2% | 3,392 |
| Contractual Deductions | 2,225 | 2,485 | 260 | 10.5% | 2,620 | 2,298 | 2,334 | 36 | 1.6% | 2,441 |
| Bad Debts | 104 | 135 | 31 | 22.8% | 74 | 67 | 128 | 61 | 47.7% | 145 |
| Charity and Other Adjustments | 0 | 16 | 16 | 99.6% | 46 | 14 | 16 | 1 | 8.2% | 17 |
| Net Patient Revenues | 702 | 789 | (87) | -11.0% | 804 | 712 | 749 | (36) | -4.9% | 789 |
| Net Patient Revenue % | 23.2% | 23.0% | | | 22.7% | 23.0% | 23.2% | | | 23.3% |
| Net Clinic Revenue | 4 | 11 | (6) | -59.5% | 10 | 8 | 10 | (2) | -23.5% | 6 |
| Other Operating Revenue | 5 | 1 | 3 | 233.3% | 1 | 22 | 1 | 21 | 1475.7% | 7 |
| **Total Revenues** | **712** | **801** | **(90)** | -11.2% | **815** | **742** | **761** | **(18)** | -2.4% | **802** |
| Expenses | | | | | | | | | | |
| Salaries | 419 | 433 | 14 | 3.1% | 431 | 417 | 416 | (1) | -0.3% | 444 |
| Temporary Agency | 19 | 17 | (2) | -10.6% | 30 | 19 | 19 | 0 | 1.9% | 24 |
| Benefits | 125 | 129 | 3 | 2.6% | 128 | 107 | 123 | 16 | 13.1% | 121 |
| Professional Fees | 58 | 56 | (1) | -2.4% | 56 | 54 | 57 | 3 | 5.0% | 55 |
| Supplies | 97 | 105 | 8 | 7.7% | 102 | 96 | 96 | 0 | 0.5% | 102 |
| Purchased Services | 65 | 68 | 3 | 4.5% | 74 | 63 | 66 | 3 | 4.2% | 72 |
| Rents and Leases | 29 | 28 | (1) | -1.8% | 30 | 27 | 26 | (1) | -4.2% | 26 |
| Utilities and Telephone | 10 | 10 | (0) | -3.0% | 12 | 9 | 10 | 0 | 3.4% | 10 |
| Insurance | 4 | 5 | 1 | 23.0% | 5 | 4 | 4 | 0 | 10.8% | 5 |
| Depreciation and Amortization | 13 | 14 | 0 | 2.8% | 9 | 11 | 10 | (0) | -1.1% | 10 |
| Other Operating Expenses | 15 | 15 | (0) | -0.7% | 12 | 13 | 14 | 1 | 5.2% | 13 |
| **Total Expenses** | **855** | **880** | **26** | 2.9% | **889** | **820** | **841** | **22** | 2.6% | **884** |
| **Operating Gain / (Loss)** | **(143)** | **(79)** | **(64)** | -80.9% | **(74)** | **(77)** | **(81)** | **4** | -4.6% | **(81)** |
| **Non-Operating Income / (Expense)** | | | | | | | | | | |
| Parcel Taxes | 59 | 59 | (0) | -0.2% | 61 | 55 | 57 | (1) | -2.6% | 63 |
| Investment Income | 0 | - | 0 | 0.0% | 0 | 0 | - | 0 | 0.0% | 0 |
| Interest Expense | (2) | (2) | 0 | 10.2% | (3) | (2) | (2) | 0 | -5.5% | (2) |
| Other Income / (Expense) | 3 | 3 | (0) | -0.5% | 4 | 3 | 5 | (1) | -29.3% | 7 |
| **Net Non-Operating Income / (Expense)** | **61** | **61** | **0** | **0.3%** | **62** | **57** | **59** | **(3)** | **-4.2%** | **69** |
| **Excess of Revenues Over Expenses** | **$ (82)** | **$ (18)** | **$ (64)** | 346.3% | **$ (12)** | **$ (20)** | **$ (22)** | **$ 1** | -5.7% | **$ (12)** |

Wound Care - Statement of Operations
February 28, 2014

| | Current Month | | | | Year-to-Date | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| Clinic Visits | 418 | 376 | 42 | 11.2% | 3,336 | 2,876 | 460 | 16.0% |
| Revenue | | | | | | | | |
| Gross Revenue | 884,372 | 786,216 | 98,156 | 12.5% | 6,989,875 | 5,761,182 | 1,228,694 | 21.3% |
| Deductions from Revenue | 685,388 | 605,701 | 79,687 | | 5,404,094 | 4,438,414 | 965,679 | |
| Net Revenue | 198,984 | 180,515 | 18,468 | 10.2% | 1,585,782 | 1,322,767 | 263,015 | |
| Expenses | | | | | | | | |
| Salaries | 17,601 | 18,336 | 735 | 4.0% | 160,029 | 137,794 | (22,235) | -16.1% |
| Benefits | 4,425 | 5,477 | 1,052 | 19.2% | 43,631 | 41,159 | (2,472) | -6.0% |
| Professional Fees | 97,816 | 89,647 | (8,169) | -9.1% | 708,821 | 624,661 | (84,160) | -13.5% |
| Supplies | 22,277 | 36,787 | 14,510 | 39.4% | 307,565 | 247,405 | (60,160) | -24.3% |
| Purchased Services | 5,893 | 6,500 | 607 | 9.3% | 43,612 | 37,000 | (6,612) | -17.9% |
| Rents and Leases | 4,824 | 5,686 | 862 | 15.2% | 45,880 | 45,488 | (392) | -0.9% |
| Depreciation | 8,834 | 8,834 | 0 | 0.0% | 70,672 | 69,778 | (894) | -1.3% |
| Other | 827 | 4,004 | 3,178 | 79.4% | 15,154 | 18,557 | 3,404 | 18.3% |
| Total Expenses | 162,497 | 175,271 | 12,775 | 7.3% | 1,395,364 | 1,221,842 | (173,522) | -14.2% |
| Excess of Revenue over Expenses | 36,487 | 5,244 | 31,243 | 595.8% | 190,418 | 100,925 | 89,493 | 88.7% |

City of Alameda Health Care District
Waters Edge Skilled Nursing - Statement of Operations
February 28, 2014

| | Current Month | | | | Year-to-Date | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| Patient Days | | | | | | | | |
| Medicare | 279 | 460 | (181) | -39.3% | 2,403 | 3,942 | (1,539) | -39.0% |
| Medi-Cal | 2,699 | 2,323 | 376 | 16.2% | 23,422 | 20,189 | 3,233 | 16.0% |
| Managed Care | 17 | 61 | (44) | -72.1% | 228 | 533 | (305) | -57.2% |
| Self Pay/Other | 84 | 180 | (96) | -53.3% | 947 | 1,580 | (633) | -40.1% |
| Total | 3,079 | 3,024 | 55 | 1.8% | 27,000 | 26,244 | 756 | 2.9% |
| Revenue | | | | | | | | |
| Routine Revenue | 2,434,792 | 2,360,884 | 73,908 | 3.1% | 21,476,090 | 20,489,102 | 986,988 | 4.8% |
| Ancillary Revenue | 292,423 | 212,480 | 79,943 | 37.6% | 2,904,755 | 2,144,539 | 760,216 | 35.4% |
| Total Gross Revenue | 2,727,215 | 2,573,364 | 153,851 | 6.0% | 24,380,845 | 22,633,641 | 1,747,204 | 7.7% |
| Deductions from Revenue | 1,596,571 | 1,482,258 | (114,313) | -7.7% | 14,337,819 | 13,016,642 | (1,321,177) | -10.1% |
| Net Revenue | 1,130,644 | 1,091,106 | 39,538 | 3.6% | 10,043,026 | 9,616,999 | 426,027 | 4.4% |
| Expenses | | | | | | | | |
| Salaries | 438,167 | 434,997 | (3,169) | -0.7% | 3,759,787 | 3,747,118 | (12,668) | -0.3% |
| Temporary Agency | 32,318 | 16,667 | (15,651) | -100.0% | 258,255 | 133,748 | (124,507) | -100.0% |
| Benefits | 98,647 | 94,280 | (4,366) | -4.6% | 781,236 | 774,679 | (6,557) | -0.8% |
| Professional Fees | 6,551 | 5,200 | (1,351) | -26.0% | 42,230 | 41,600 | (630) | -1.5% |
| Supplies | 84,082 | 60,083 | (24,000) | -39.9% | 587,005 | 500,548 | (86,458) | -17.3% |
| Purchased Services | 98,138 | 115,133 | 16,995 | 14.8% | 900,512 | 1,006,066 | 105,554 | 10.5% |
| Rents and Leases | 78,398 | 78,300 | (98) | -0.1% | 626,418 | 609,000 | (17,418) | -2.9% |
| Utilities | 8,755 | 11,767 | 3,012 | 25.6% | 78,668 | 94,133 | 15,465 | 16.4% |
| Insurance | - | 2,392 | 2,392 | 100.0% | - | 19,136 | 19,136 | 100.0% |
| Other | 27,866 | 16,308 | (11,558) | -70.9% | 138,156 | 131,465 | (6,691) | -5.1% |
| Total Expenses | 872,921 | 835,127 | (37,794) | -4.5% | 7,172,266 | 7,057,493 | (114,773) | -1.6% |
| Excess of Revenue over Expenses | 257,723 | 255,979 | 1,744 | | 2,870,760 | 2,559,507 | 311,254 | |

City of Alameda Health Care District
Orthopedic Clinic - Statement of Operations
February 28, 2014

| | Current Month | | | | Year-to-Date | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| Clinic Visits | 183 | 302 | (119) | -39.4% | 1,917 | 2,416 | (499) | -20.7% |
| Revenue | | | | | | | | |
| Gross Revenue | 59,877 | 128,652 | (68,775) | -53.5% | 579,336 | 1,029,216 | (449,880) | -43.7% |
| Deductions from Revenue | 45,747 | 90,069 | (44,321) | | 347,999 | 720,552 | (372,552) | |
| Net Revenue | 14,130 | 38,583 | (24,454) | | 231,337 | 308,664 | (77,328) | |
| Expenses | | | | | | | | |
| Salaries | 29,259 | 24,448 | (4,811) | -19.7% | 232,584 | 247,463 | 14,879 | 6.0% |
| Benefits | 7,356 | 7,303 | (53) | -0.7% | 58,472 | 73,917 | 15,446 | 20.9% |
| Professional Fees | 17,654 | 19,000 | 1,346 | 7.1% | 177,001 | 188,000 | 10,999 | 5.9% |
| Supplies | 914 | 125 | (789) | -631.2% | 8,686 | 22,010 | 13,324 | 60.5% |
| Purchased Services | 2,934 | 5,000 | 2,067 | 41.3% | 29,804 | 46,498 | 16,695 | 35.9% |
| Rents and Leases | 4,781 | 4,667 | (115) | -2.5% | 38,025 | 37,336 | (690) | -1.8% |
| Depreciation | - | - | - | 0.0% | - | - | - | 0.0% |
| Other | 1,540 | 2,942 | 1,401 | 47.6% | 15,202 | 20,573 | 5,370 | 26.1% |
| Total Expenses | 64,437 | 63,484 | (953) | -1.5% | 559,773 | 635,797 | 76,024 | 12.0% |
| Excess of Revenue over Expenses | (50,307) | (24,901) | (25,407) | -102.0% | (328,436) | (327,132) | (1,304) | -0.4% |
| Hospital Based Activity: | | | | | | | | |
| Inpatient Days | 24 | 22 | 2 | 9.1% | 246 | 176 | 70 | 39.8% |
| Inpatient Surgeries | 3 | 5 | (2) | -40.0% | 41 | 40 | 1 | 2.5% |
| Outpatient Surgeries | 4 | 11 | (7) | -63.6% | 48 | 80 | (32) | -40.0% |
| Therapy Referred Visits | 211 | 175 | 36 | 20.6% | 1,247 | 1,400 | (153) | -10.9% |
| Imaging Referred Procedures | 98 | 110 | (12) | -10.9% | 913 | 880 | 33 | 3.8% |
| Inpatient Gross Charges | 381,529 | 0 | 381,529 | #DIV/0! | 4,542,378 | 2,166,500 | 2,375,878 | 109.7% |
| Inpatient Net Revenue | 63,026 | 0 | 63,026 | #DIV/0! | 786,548 | 486,500 | 300,048 | 61.7% |
| Outpatient Gross Charges | 276,471 | 0 | 276,471 | #DIV/0! | 2,926,893 | 2,254,405 | 672,488 | 29.8% |
| Outpatient Net Revenue | 47,000 | 0 | 47,000 | #DIV/0! | 482,517 | 492,203 | (9,686) | -2.0% |
| Total Gross Charges | 658,000 | 0 | 658,000 | #DIV/0! | 7,469,271 | 4,420,905 | 3,048,366 | 69.0% |
| Total Net Revenue | 110,026 | 0 | 110,026 | #DIV/0! | 1,269,065 | 978,703 | 290,362 | 29.7% |

City of Alameda Health Care District
1206b Clinic - Statement of Operations
February 28, 2014

| | Current Month | | | | Year-to-Date | | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | Variance | % | Actual | Budget | Variance | % |
| Clinic Visits | | | | | | | | |
| Primary Care | 70 | 138 | (68) | | 722 | 1,101 | (379) | |
| Surgery | 43 | 53 | (10) | | 590 | 426 | 164 | |
| Neurology | 18 | 31 | (13) | | 215 | 249 | (34) | |
| Total Visits | 131 | 222 | (91) | -41.0% | 1,527 | 1,776 | (249) | -14.0% |
| Revenue | | | | | | | | |
| Gross Revenue | 86,643 | 129,400 | (42,757) | -33.0% | 778,076 | 1,035,200 | (257,124) | -24.8% |
| Deductions from Revenue | 38,260 | 77,650 | (39,390) | | 445,154 | 621,200 | (176,046) | |
| Net Revenue | 48,383 | 51,750 | (3,367) | | 332,922 | 414,000 | (81,078) | |
| Expenses | | | | | | | | |
| Salaries | 28,449 | 29,316 | 867 | 3.0% | 239,207 | 266,270 | 27,063 | 10.2% |
| Temporary Agency | | - | - | -100.0% | 1,864 | - | (1,864) | -100.0% |
| Benefits | 7,152 | 8,757 | 1,605 | 18.3% | 68,589 | 77,743 | 9,154 | 11.8% |
| Professional Fees | 21,386 | 18,000 | (3,386) | -18.8% | 117,912 | 144,000 | 26,088 | 18.1% |
| Supplies | (1,085) | 323 | 1,408 | 436.1% | 35,227 | 10,299 | (24,928) | -242.0% |
| Purchased Services | 8,948 | 6,468 | (2,480) | -38.3% | 64,776 | 51,744 | (13,032) | -25.2% |
| Rents and Leases | 15,194 | 15,194 | - | 0.0% | 121,552 | 106,354 | (15,198) | -14.3% |
| Depreciation | 494 | 207 | (287) | -138.6% | 3,952 | 1,506 | (2,446) | -162.4% |
| Other | 2,751 | 5,018 | 2,267 | 45.2% | 46,441 | 39,521 | (6,920) | -17.5% |
| Total Expenses | 83,288 | 83,282 | (6) | 0.0% | 699,519 | 697,437 | (2,082) | -0.3% |
| Excess of Revenue over Expenses | (34,905) | (31,532) | (3,373) | 10.7% | (366,597) | (283,437) | (83,160) | 29.3% |
| Clinic Rental Income | 13,619 | 13,100 | 519 | 4.0% | 108,687 | 104,800 | 3,887 | 3.7% |
| Net 1206b Clinic | (21,286) | (18,432) | (2,854) | 15.5% | (257,910) | (178,637) | (79,273) | 44.4% |

Note:

Clinic Hours by Physician

Dr. Celada (General Surgery) - M,W,F Mornings only
Dr. Lee (General Surgery) - T, Th Mornings only
Dr. Brimmer (Primary Care) - M & Th full days, plus T Mornings
Dr. Dutaret (Neurology) - W full days

**City of Alameda Health Care District**
**Statement of Cash Flows**
**For the Eight Months Ended February 28, 2014**

| | Current Month | Year-to-Date |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net Income / (Loss) | $ (671,402) | $ (1,933,331) |
| Items not requiring the use of cash: | | |
| Depreciation and amortization | 109,233 | $ 742,190 |
| Write-off of Kaiser liability | - | $ - |
| Changes in certain assets and liabilities: | | |
| Patient accounts receivable, net | 385,029 | 1,194,518 |
| Other Receivables | 277,856 | 3,250,348 |
| Third-Party Payer Settlements Receivable | (141,631) | (1,541,195) |
| Inventories | 9,821 | (17,346) |
| Prepaids and Other | 36,429 | 28,580 |
| Accounts payable and accrued liabilities | 138,562 | 276,724 |
| Payroll Related Accruals | 53,658 | (422,654) |
| Employee Health Plan Accruals | 17,490 | (11,159) |
| Deferred Revenues | (479,843) | (3,802,826) |
| Cash provided by (used in) operating activities | (264,798) | (2,236,151) |
| **Cash flows from investing activities** | | |
| (Increase) Decrease in Assets Limited As to Use | (12,228) | (87,393) |
| Additions to Property, Plant and Equipment | (147,601) | (1,158,812) |
| Other | 8,364 | 268,920 |
| Cash provided by (used in) investing activities | (151,465) | (977,284) |
| **Cash flows from financing activities** | | |
| Net Change in Long-Term Debt | (57,476) | 1,410,003 |
| Net Change in Restricted Funds | 12,228 | (122,607) |
| Cash provided by (used in) financing and fundraising activities | (45,249) | 1,287,395 |
| Net increase (decrease) in cash and cash equivalents | (461,511) | (1,926,040) |
| **Cash and cash equivalents at beginning of period** | 3,397,429 | 4,861,959 |
| **Cash and cash equivalents at end of period** | $ 2,935,920 | $ 2,935,920 |

# City of Alameda Health Care District
## Ratio's Comparison

| Financial Ratios | Audited Results FY 2010 | FY 2011 | FY 2012 | FY 2013 | YTD 2/28/2014 |
|---|---|---|---|---|---|
| **Profitability Ratios** | | | | | |
| Net Patient Revenue (%) | 24.16% | 23.58% | 22.90% | 23.34% | 23.22% |
| Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA) | 4.82% | -1.01% | -1.48% | -1.48% | -1.48% |
| EBIDAP[Note 5] | -3.66% | -13.41% | -11.22% | -9.39% | -9.49% |
| Total Margin | 2.74% | -2.61% | -3.21% | -3.13% | -3.72% |
| **Liquidity Ratios** | | | | | |
| Current Ratio | 1.23 | 1.05 | 0.96 | 0.89 | 0.85 |
| Days in accounts receivable ,net | 51.83 | 46.03 | 55.21 | 60.35 | 52.53 |
| Days cash on hand ( with restricted) | 21.6 | 14.1 | 17.7 | 21.8 | 13.7 |
| **Debt Ratios** | | | | | |
| Cash to Debt | 249.0% | 123.3% | 123.56% | 210.11% | 84.24% |
| Average pay period (includes payroll) | 57.11 | 62.68 | 72.94 | 78.69 | 74.67 |
| Debt service coverage | 5.98 | (0.70) | (0.53) | (1.21) | (0.51) |
| Long-term debt to fund balance | 0.14 | 0.18 | 0.28 | 0.33 | 0.56 |
| Return on fund balance | 18.87% | -19.21% | -27.35% | -48.16% | -65.25% |
| Debt to number of beds | 10,482 | 11,515 | 16,978 | 9,728 | 9,728 |

# City of Alameda Health Care District
## Ratio's Comparison

| Financial Ratios | Audited Results FY 2010 | FY 2011 | FY 2012 | FY 2013 | YTD 2/28/2014 |
|---|---|---|---|---|---|
| **Patient Care Information** | | | | | |
| Bed Capacity | 161 | 161 | 161 | 281 | 281 |
| Patient days( all services) | 30,607 | 30,270 | 30,448 | 66,645 | 47,831 |
| Patient days (acute only) | 10,579 | 10,443 | 10,880 | 11,559 | 7,144 |
| Discharges( acute only) | 2,802 | 2,527 | 2,799 | 2,838 | 1,698 |
| Average length of stay ( acute only) | 3.78 | 4.13 | 3.89 | 4.07 | 4.21 |
| Average daily patients (all sources) | 83.85 | 82.93 | 83.19 | 182.59 | 196.84 |
| Occupancy rate (all sources) | 52.08% | 51.51% | 51.67% | 64.98% | 70.05% |
| Average length of stay | 3.78 | 4.13 | 3.89 | 4.07 | 4.21 |
| Emergency Visits | 17,624 | 16,816 | 16,964 | 17,175 | 11,172 |
| Emergency visits per day | 48.28 | 46.07 | 46.35 | 47.05 | 45.98 |
| Outpatient registrations per day[Note 1] | 79.67 | 65.19 | 60.67 | 64.07 | 67.16 |
| Surgeries per day - Total | 13.46 | 6.12 | 6.12 | 5.52 | 5.64 |
| Surgeries per day - excludes Kaiser | 5.32 | 6.12 | 6.12 | 5.52 | 5.64 |

Notes:

1. Includes Kaiser Outpatient Sugercial volume in Fiscal Years 2008, 2009 and through March 31, 2010.
2. In addition to these general requirements a feasibility report will be required.
3. Based upon Moody's FY 2008 preliminary single-state provider medians.
4. EBIDA - Earnings before Interest, Depreciation and Amoritzation
5. EBIDAP - Earnings before Interest, Depreciation and Amortization and Parcel Tax Proceeds

# Glossary of Financial Ratios

| Term | What is it? Why is it Important? | How is it calculated? |
|---|---|---|
| EBIDA | A measure of the organization's cash flow | Earnings before interest, depreciation, and amortization (EBIDA) |
| Operating Margin | Income derived from patient care operations | Total operating revenue less total operating expense divided by total operating revenue |
| Current Ratio | The number of dollars held in current assets per dollar of liabilities. A widely used measure of liquidity. An increase in this ratio is a positive trend. | Current assets divided by current liabilities |
| Days cash on hand | Measures the number of days of average cash expenses that the hospital maintains in cash or marketable securities. It is a measure of total liquidity, both short-term and long-term. An increasing trend is positive. | Cash plus short-term investments plus unrestricted long-term investments over total expenses less depreciation divided by 365. |
| Cash to debt | Measures the amount of cash available to service debt. | Cash plus investments plus limited use investments divided by the current portion and long-term portion of the organization's debt insruments. |
| Debt service coverage | Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability. | Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense. |
| Long-term debt to fund balance | Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive. | Long-term debt divided by long-term debt plus unrestricted net assets. |

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: April 3, 2014

For: April 8, 2014 District Board Meeting

To: City of Alameda Health Care District, Board of Directors

From: Tony Corica, Compliance Officer

Subject: Acceptance of the 2012 - 2013 Annual Compliance Report

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**Recommendation:**

Recommend acceptance of the 2012-2013 Annual Compliance Report by the Board of Directors

**Background:**

The Alameda Hospital Compliance Plan document contains certain Standards of Conduct which each employee and member of the Medical Staff s expected to comply. The attached report is a summary of information regarding the activities and training relevant to the Hospital's compliance program.

# COMPLIANCE REPORT TO THE CITY of ALAMEDA HEALTH CARE DISTRICT BOARD
# January 2012 through December 2013

**Background**

In late 1998, Alameda Hospital adopted a voluntary Compliance Plan which encompassed all of the elements necessary for an effective compliance program. These elements included:

1. Compliance standards of conduct.
2. Designation of a Compliance Officer(s) or other appropriate supervision
3. Education and Training Programs
4. Maintenance of a process to receive complaints, maintain complainants' anonymity, and protect complainant from retaliation
5. Enforcement of the plan and disciplinary action against violators
6. Periodic audits and other evaluation techniques
7. Investigation and remediation of problems and the non-employment or retention of sanctioned individuals

In 2003, the Compliance Plan Document was reviewed and revised by district legal counsel Foley and Lardner. Recommended changes were implemented at that time. In Late 2008, March 2012, and most recently in March 2013 the plan was reviewed, revised and recommended changes were implemented.

**DHHS/OIG Work Plan – 2012/2013**

The mission of the Office of Inspector General (OIG) is to protect the Department of Health and Human Services (HHS) program integrity and beneficiary well-being by detecting and preventing waste, fraud and abuse; identifying to Congress, HHS, and the public opportunities to improve program economy, efficiency, and effectiveness; and holding accountable those who violate program requirements.

Four components carry out OIG's mission-related activities:

- The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others.

- The Office of Evaluations and Inspections (OEI) conduct national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues.

- The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries.

- The Office of Counsel to the Inspector General (OCIG) provides general and legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support to OIG's internal operations.

Annually, the OIG conducts a comprehensive work-planning process to identify the areas most worthy of attention in the coming year. The factors taken into account to produce the final Work Plan include:

- requirements for OIG reviews, as set forth in laws, regulations, or other directives,
- requests made or concerns raised by Congress and HHS's management,
- significant management and performance challenges facing HHS, which are identified as part of HHS's annual agency financial report,
- work performed by HHS and other organizations, such as the Government Accountability Office and the Office of Management and Budget (OMB); and
- Management's actions to implement OIG recommendations from previous reviews.

At Alameda Hospital, each year's OIG Work Plan is used as a guide to focus our efforts to review internal practices, policies, and procedures as they apply to hospital compliance.

## Summary of 2012-13 Compliance Activity

**Compliance Committee**

Tony Corica , Director of Physician Relations, serves as the Compliance Officer. The membership of the Compliance Committee includes Karen Taylor, Director of Quality Resource and Risk Management; Kerry Easthope, Chief Financial Officer; Alisa Stinn, Director of Health Information Management; Phyllis Weiss, Director of Human Resources; Bruce Mathias, Director of Information Systems; Maheara Azizi, Director of Business Services; and Mary Bond, Executive Director of Nursing Services.

Alisa Stiin is the chairperson of the HIPAA subcommittee and serves as the Privacy Officer. Additional subcommittees may be added on an ad-hoc basis to address specific issues that arise throughout the year.

The Compliance Committee responsibilities include the development and maintenance of compliance policies, procedures and standards; distribution of the compliance plan document and coordination of all compliance related training programs; coordination of the investigation and resolution of identified compliance problems or infractions; and communication with the hospital's Board of Directors.

From time to time certain issues are identified or questions raised that may require further in depth review by legal counsel. Many of these issues are identified from the audits that are performed throughout the year. Others result from investigations and analyses that are proposed by the Centers for Medicare and Medicaid Services (CMS) and other regulatory agencies.

**Standards of Conduct and Training**

The Alameda Hospital Compliance Plan document contains certain Standards of Conduct with which each employee, contractor and member of the Medical Staff is expected to comply. These standards are summarized under the categories of General Matters (confidentiality, gifts and gratuities, and protection of hospital assets); Discharge and Transfer (correct charging under DRGs, and EMTALA regulations); Contracts with Physicians and Suppliers (kickbacks and referrals); Patient Charts and Billing (medical necessity, correct coding, accurate medical record documentation and correct cost reporting); and Collection of Co-Payments and Deductibles and Refunds of Overpayments.

The Deficit Reduction Act of 2005 requires any entity that receives or makes payments under Medicaid of at least five million dollars to have established written policies and procedures regarding the Federal and State False Claims Act for their employees, agents and contractors. In the fall of 2008, the Hospital implemented Administrative Policy #89 which provides important information concerning false claims liability, anti-retaliation protections, and detecting and responding to fraud, waste and abuse.

Each new employee and member of the Medical Staff receives a copy of the Compliance Plan document and Administrative Policy #89.

At each new employee orientation session held during 2012 and 2013, there has been a presentation on the Compliance Program at Alameda Hospital, including a review of the plan document and Administrative Policy #89, and a discussion of the employee's compliance rights and responsibilities. A separate presentation on the Health Insurance Portability and Accountability Act (HIPAA) is also done as a part of the orientation program.

Over the past two years, there were three (3) concerns from employees that were reported to the Compliance Officer. Issues were investigated, taken to the Compliance Committee for discussion

and recommended action, and summarized in a memo and submitted to the hospital attorney. All concerns involved personnel issues and did not have patient care or financial implications.

**Disciplinary Procedures**

One compliance issue investigated resulted in an employee receiving a written formal warning seeking behavior modifications. Another compliance issue investigated resulted in the involuntary termination of an employee. The third compliance issue investigation resulted in a procedural change within a Department. None of the issues investigated had patient care or financial implications.

**Reports, Inquiries and Audits**

The compliance hotline was established in 2004 to provide a confidential mechanism for employees to report issues, complaints or problems to the Compliance Committee. The hotline number is found in the Compliance Plan, in the hospital internal telephone directory and is communicated to new hires in orientation. It is checked weekly to collect any complaints, problems or issues for review by the Compliance Committee.

No major compliance issues or trends were noted on the hotline in the past year.

Annually, the hospital complies with the Office of Statewide Health Planning and Development (OSHPD) requirement to file with the office a copy of its charge description master (CDM) each July. In addition, the hospital is required to make a copy of its CDM available for public inspection. An electronic version is available through the Business Services department for public inspection.

The hospital has made necessary coding and billing changes in patient accounting systems based upon periodic updates published by the Centers for Medicare and Medicaid Services.

**Policies and Procedures**

The Compliance Committee performs periodic reviews of policies and procedures that address various compliance issues such as billing and coding; bad debts; refunds and rebates; and other cost report issues. Updates and changes to the policies are made as appropriate.

From time to time, new procedures are developed and implemented based upon State and Federal mandates or other changes in hospital procedures. To comply with sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (enforced by the Federal Trade Commission), an Identity Theft policy (Administrative Policy #86) was implemented at the hospital. The policy identifies the hospital's procedure to detect, prevent and mitigate identity

theft in connection with opening a "covered account" A "covered account" is any account Alameda Hospital offers or maintains primarily for personal, family or household purposes that involves or is designed to permit multiple payments or transactions; and any other account Alameda Hospital offers or maintains for which there is a reasonably foreseeable risk to patients or to the safety and soundness of Alameda Hospital from identity theft.

**HIPAA**

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) provided for the implementation of Public Law 104-191. This law was intended to guarantee the confidentiality of records by establishing a three-pronged security process including electronic data interchange, privacy of patient health information, and security of patient records. Alameda Hospital has taken steps to comply with this law:

- Developed updates to keep staff informed about HIPAA, patient privacy, and the security of patient records.
- Developed a Notice of Privacy Practices (NPP) which is distributed to all patients during the registration process.
- Developed and implemented Business Associate agreements with all vendors that have access to protected patient information.
- Upgraded the hospitals computer network, including the segmentation of the network to increase network security, a new firewall to monitor all inbound and outbound network traffic, and software that monitors network security events and notifies staff in the event of a breach.
- Created disaster recovery resources including restoration of the Hospital's backup tapes and assistance for 30 days in the event of a disaster that causes the loss of data storage and access software.

In February of 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA). A part of this act, the Health Information Technology for Economic and Clinical Health Act (HITECH) included numerous provisions that will impact the way health care providers handle and protect patient health information. Highlights of the HITECH law include:

- Financial incentives, grants and loans to assist hospitals in adopting electronic health records;
- Penalties in the future for hospitals that fail of adopt electronic health records;
- Stricter privacy and security provisions including breach notification requirements, new restrictions on disclosure of protected health information, new

rights for patients regarding electronic health records, and regulations to extend security provisions to business associates.

- Privacy/Security
  Under the leadership of Privacy Officer Alisa Stinn, RHIT, The Alameda Hospital Privacy Program has been revised to comply with the current High Tech Privacy regulations. The HIPAA Policy Manual has been updated. Ms. Stinn has included privacy/security breach investigatory tools, assessments, education and audits for managers and staff. Every hospital employee now completes an annual privacy and security competency review. Every new hire is taught about Protected Health Information (PHI) in orientation. Her department and organization wide privacy/security assessments have led to an increased awareness of PHI throughout the Hospital.

- Information Technology

  Implementation of a process called Advanced Clinical Services that includes the Meditech modules of Patient Care System (PCS), Physician Care Manager (PCM), and Emergency Department Manager (EDM) has occurred. A fourth module, Operating Room Manger (ORM), has not yet been enabled. The EDM system will very soon be replaced by another Meditech module, Physician documentation (PDOC).

  The Hospital successfully showed compliance with Meaningful Use, Stage 1, Year 1 in November 2013. The hospital is working to achieve compliance with the criteria required for Meaningful Use Stage 1, Year 2, by the end of September 2014.

  In May, 2013 the Hospital contracted with CSB IT Solutions, LLC and Grey Castle Security, LLC to conduct a HIPAA/HITECH Data Security High Level Risk Assessment. That study examined security controls currently in place, performed a security risk analyses, and developed a risk management plan to address identified issues. Those findings are being enacted through the Alameda Hospital IT Department and have been shared with Alameda Health System.

**Medicare Program**

The permanent Medicare Recovery Audit Contractor (RAC) program was implemented in California in early 2010. This program was derived from the demonstration program that was instituted in California, New York and Florida. The RAC auditors are for-profit companies which have been given the authority to aggressively take back overpayments on behalf of Medicare. The current approval process can take 24-28 months due to a shortage of Administrative Law Judges.

To respond to inquiries from the RAC program, which is administered in California by Health Data Insights, Alameda Hospital has assembled a multidisciplinary RAC Team, led by the Quality Resource's Case Management Supervisor, Molly Shirk, RN. The team, utilizing a tracking tool that they developed, aggressively manages the audit and appeals process, safeguarding the Hospital's revenue.

**Recommendations**

Although the hospital has experienced very few compliance related issues, it is still imperative that the program remain current in scope and visible to its employees and medical staff. The following recommendations should help in this process.

Continue to emphasize the importance of the hospital's HIPAA policies and procedures, safeguarding PHI, with managers and staff.

Schedule and document proactive internal and external audits that demonstrate the hospital's commitment to the evaluation of its billing and coding processes.

Establish a Compliance site on the hospital's intranet which will include pertinent training and reference information, as well as copies of all compliance policies and links to other internal and external compliance related sites.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: March 31, 2014

For: April 8, 2014 District Board Meeting

To: City of Alameda Health Care District, Board of Directors

From: Emmons Collins, MD
Chairman, Medical Executive Committee

Subject: Approval of Amendment to Medical Staff Rules and Regulations, Article 34

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**Recommendation:**

The Medical Executive Committee respectfully requests your consideration in approving the following proposed amendment to Article 34 of the Medical Staff Rules and Regulations:

"The hospital shall indemnify, defend, and hold harmless the Medical Staff and its individual members ("Indemnitee(s)") from and against losses and expenses (including reasonable attorneys' fees, judgments, settlements, and all other costs, direct or indirect) incurred or suffered by reason of or based upon any threatened, pending or completed action, suit, proceeding, investigation, or other dispute relating or pertaining to any alleged act or failure to act within the scope of peer review or quality assessment activities including, but not limited to:

a. As a member of or witness for a Medical Staff committee, or hearing committee;

b. As a member of or witness for the hospital Governing Body or any hospital task force, group or committee; and

c. As a person providing information to any Medical Staff or hospital group, officer, Governing Body member or employee for the purpose of aiding in the evaluation of the qualifications, fitness or character of a Medical Staff member or applicant.

The hospital shall retain responsibility for the sole management and defense of any such claims, suits, investigations or other disputes against Indemnitees, including, but not limited to, selection of legal counsel to defend against any such actions. The indemnity set forth herein is expressly conditioned on Indemnitees' good faith belief that their actions and/or communications are reasonable and warranted and in furtherance of the Medical Staff's peer review, quality assessment or quality improvement responsibilities, in accordance with the purposes of the Medical Staff as set forth in these Bylaws. In no event will the hospital indemnify an Indemnitee for acts or omissions taken in bad faith or in pursuit of the Indemnitee's private economic interests."

**Background:**

The proposed revision was approved by each of the Medical Staff Service Committees (Emergency, Medicine and Surgery) and the Medical Executive Committee approved it on March 28, 2014.

The language of the provision is from the CHA Model Medical Staff Bylaws and was recommended by attorney Gregory Cochran. The provision can be in the bylaws or rules and regulations. We have elected to include it in Article 34, "Medical Staff Professional Practice Evaluation" of the Rules and Regulations. This section of the Rules addresses peer review and the records and proceedings of the Medical Staff that relate to peer review.

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Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: April 1, 2014

FOR: April 8, 2014 District Board Meeting

TO: City of Alameda Health Care District, Board of Directors

FROM: Deborah E. Stebbins
Chief Executive Officer

SUBJECT: Post Affiliation Structure and Responsibilities of the District Board of Directors

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At the request of the Board of Directors a task force comprised of Directors Battani and Jensen, legal counsel, Tom Driscoll and management staff, Kerry Easthope, Debi Stebbins and Kristen Thorson, met to draft recommendations for the Responsibilities, Structure, logistical requirements of the District as well as clarify the relationship between the District and the AHS Boards and Committees. The following recommendations were developed during the two meetings of the task force:

**Responsibilities of the District Board of Directors:**

1. Holds title to real property and leaseholds.
2. Owns and oversees the management of two parcels known as the "Jaber property".
3. Approves assessment of and collects the parcel tax
4. Reviews and approves budget proposals submitted annually by AHS on the use of the parcel tax.
5. Conducts elections for Directors and/or makes appointments of Directors to positions which may become vacant between election terms.
6. Monitors that financial, service and quality outcomes at Alameda Hospital meet the terms of the affiliation agreement and meets the needs of the residents of the District.
7. Conducts surveys of the Alameda community as needed from time to time.
8. Ensures that the District is supporting the health care needs of the community.
9. Develops and approves annual budgets for conducting the business of the District

**Meetings, Committees, Memberships:**

1. Meetings:

   Due to the more focused responsibilities of the District Board, the Task Force recommends that the Board maintain their scheduled monthly meetings for three months following the close of the affiliation and every other month thereafter. The Board may choose to reconsider the appropriateness of this schedule at a future date.

2. Committees:

   The Task Force recommends that the District Board maintain the Community Relations and Outreach Committee as a vehicle to disseminate information to the Alameda community about Hospital and AHS services as well as a conduit to get feedback from the community.

   The Task Force suggests that the District Board consider whether there should be any changes to its relationship with the Alameda Hospital Foundation Board of Directors. The Foundation is a separate 501(c)(3) corporation and will not be a party to the AHS affiliation. There may be reasons however for increased communication between the District, the Foundation and AHS in order to support the philanthropic efforts of the Foundation.

   The work of other District Board committees, including Finance and Quality, will be assumed by the AHS Board committee structure.

3. Memberships:

   The Task Force recommends that for the near term the District Board retain memberships in the Association of California Hospital Districts (ACHD), the California Special Districts Association, and the Alameda County Special Districts Association. Many district members of ACHD do not operate hospitals so there may be some usefulness to membership in that organization. Dues for these organizations have been included in the draft District budget.

   Management recommends the District Hospital Leadership Forum (DHLF) membership be discontinued. The organization served to lobby very effectively for improved reimbursement to District hospitals; this issue will no longer be relevant once AHS is responsible billing for services provided throughout the system.

**Logistical Support Required by the District:**

1. Office Space (including storage) :

   The District will require office space for the District Clerk, including the accommodation of District files and office equipment. Some closed meetings of the Board may also occasionally be held in the office space. The Board will need access to public meeting space at Alameda Hospital for holding their regularly scheduled public meetings and for closed meetings held before or after public meetings.

   Management recommends that office space currently leased by the District at 888 Willow Street (formerly the offices of Dr. Kent Farney, directly across the street from the hospital) be used as District offices. Management is currently completing estimates for renovation of the space, to which Dr. Farney is willing to make a modest contribution.

   Management is working with legal counsel to determine the disposition of certain historical files that pre-date the formation of the District. These are currently housed in the 1925 building. Options would include relocating them to other off-site records storage or placing them in the new District office.

2. Staff:

   The District will require the services on a part time basis of a Clerk to assist with the day to day operations including regulatory filings, scheduling, Board agenda preparation, liaison with the AHS Board and leadership, parcel tax collection, public inquiries, Public Records Act requests, phones and e-mails. It is estimated this will be a .5 FTE until June, 2014 and .25 FTE thereafter. Management recommends that the clerk be employed by AHS after the transition of employees from the District to the system and then contracted back to provide services to the District Board.

3. E-Mail:

   E-mails, including those internal to the District Board and from the community, will need to be retained for District personnel and District Board members. Since the e-mail system for the hospital will transition from Groupwise to Outlook within the next couple of months, management is checking with the AHS Information Technology Department to determine if this can be contracted through the AHS system. For legal reasons, however, it may be appropriate to maintain distinct e-mail addresses referencing the District.

4. Website:

   The District will want to maintain a distinct web-site for purposes of providing general information about the District, posting public notices and minutes, etc. Management is currently exploring contracting for support to be provided by the AHS IT Department or using an outside resource to design the website. Routine updates to the website as well as licensure and registration (if not done by the AHS IT Department) would be maintained by the District Clerk. The Task Force does recommend that there be a link on the AHS Website to the District website.

5. Legal Counsel:

   It is recommended that the District continue to use the professional services of Thomas L. Driscoll III following the affiliation. Mr. Driscoll has agreed to continue on as legal counsel.

6. Financial:

   Management has drafted a preliminary budget for the District along with some detail in key categories and a timeline for key decision points in 2014 which will be reviewed by the Task Force. As called for in the Definitive Agreement, funding of the District financial requirements will be covered by the proceeds of the parcel tax before it is committed to the operating and capital needs for Alameda Hospital. In addition, the District will need to continue to have an annual financial audit performed, although significantly reduced in scope.

7. Insurance Coverage:

   Management is obtaining underwriting estimates for D & O and general liability coverage for the District appropriate to its fiduciary responsibilities and as the owner of hospital real estate post affiliation. These costs will be added to the budget, once finalized.

**Relationships between District Board and AHS Board and Committees:**

The Affiliation Definitive Agreement calls for the District Board to have seat on the AHS Board. The District "representative" is selected by District Board and must be approved by the Board of Supervisors, as are all members of the AHS Board. In addition, there will be one District Board member on each of the major AHS Committees. The complete list of committees is attached; for purposes of the affiliation, management suggests that the "major" committees include the Quality Professional Services Committee, Strategic Planning and Finance.

In addition, the President of the Medical Staff at Alameda Hospital will attend the AHS Board of Trustees as a non-voting participant. Each Medical Staff President also sits on the Quality Professional Services Committee.

The Task Force recommends that (1) each member of the District Board express their preference for AHS Committee assignments, and (2) Members of the District Board who have an interest in serving as the representative to the AHS submit a one-page statement outlining their reasons for interest and why they feel they would be qualified. These statements will be presented to the Board of Directors for discussion in public session and selection of the representative to the AHS Board.

The term of AHS Board members is three years, with a term limit of three terms. However, Trustees can be appointed to a less than three year term, which does allow District Board members who do not have a full three term remaining on the District Board to serve a partial term on the AHS Board. Partial terms on the AHS Board do not count toward the three term limit.

Appointments to AHS Committees are generally for one year each with opportunities to serve multiple terms. Leadership roles on the Board and on the Committees do not have tenure-related criteria defined in the AHS Bylaws.

Excerpts from the AHS Bylaws are attached which outline Board member Qualifications and the more specific composition of the Committees.

**Regular Reports from AHS to the District Board of Directors:**

The Definitive Agreement calls for AHS to report quarterly to the District Board during the first two years of the affiliation and thereafter on an annual basis. The Board may want to discuss the precise information and format they want these reports to be in; however, management recommends they include at least the following information:

- Capital Investments made at Alameda Hospital
- Statistics and Volume of Services by Program and Department
- Profit and Loss Statements on Operations at Alameda Hospital and for AHS as a system
- Disposition of Parcel Tax Proceeds in Comparison to Annual Budget Presented by AHS
- Balance Sheet of AHS
- Quality of Care Metrics
- Patient Satisfaction Results
- Financial Audits of AHS
- Annual Budget proposals relating to Alameda Hospital presented to the AHS Board of Trustees
- Legal Actions relating to Alameda Hospital programs or services

At the April 8, 2014 Board meeting we plan to discuss these and refine these recommendations during the open session of the Board.

ALAMEDA HEALTH SYSTEM

# BOARD OF TRUSTEES – 2013 COMMITTEE MATRIX

| Regular Board Series—Committee Meetings | Members | Chair | Liaison |
|---|---|---|---|
| **Board of Trustees Meeting—Regular Board**<br><br>***NOTE:*** *This meeting takes place on the* ***4th Tuesday*** *every other month.* | Kinkini Banerjee<br>Joe DeVries<br>Daniel Boggan, Jr.<br>Michele Lawrence<br>Valerie D. Lewis, Esq.<br>Kirk E. Miller<br>Ronald D. Nelson<br>Stanley M. Schiffman<br>J. Bennett Tate<br>Anthony B. Varni<br>Barry Zorthian, MD<br>**Medical Staff Member:**<br>Taft Bhuket, MD | Kirk E. Miller | Wright Lassiter, III CEO |
| **Audit and Compliance Committee**<br><br>***NOTE:*** *This meeting takes place Quarterly* | Daniel Boggan, Jr.<br>Valerie D. Lewis, Esq.<br>Kirk E. Miller | Kirk E. Miller | Jim Strong, Interim CFO<br>Douglas B. Habig, GC<br>Rick Kibler |
| **Executive Committee**<br><br>***NOTE:*** *This meeting takes place AS NEEDED* | Daniel Boggan, Jr.<br>Valerie D. Lewis, Esq.<br>Kirk E. Miller<br>Ronald D. Nelson | Kirk E. Miller | Wright Lassiter, III CEO |
| **Finance Committee**<br><br>***NOTE:*** *This meeting takes place on the* ***3rd Tuesday*** *every other month.* | Daniel Boggan, Jr.<br>Michele Lawrence<br>Valerie D. Lewis, Esq.<br>Ronald D. Nelson<br>Stanley M. Schiffman | Daniel Boggan, Jr. | Jim Strong, Interim CFO |
| **Governance Committee**<br><br>***NOTE:*** *This meeting takes place bi-monthly.* | Valerie D. Lewis, Esq.<br>Ronald D. Nelson<br>J. Bennett Tate | Valerie D. Lewis, Esq. | Douglas B. Habig, GC |
| **Human Resources Committee**<br><br>***NOTE:*** *This meeting takes place on the* ***3rd Wednesday*** *of the first month of each quarter.* | Daniel Boggan, Jr.<br>Ronald D. Nelson<br>J. Bennett Tate | Ronald D. Nelson | Jeanette Louden-Corbett, CHRO |

ALAMEDA HEALTH SYSTEM

# BOARD OF TRUSTEES – 2013 COMMITTEE MATRIX

| Regular Board Series—Committee Meetings | Members | Chair | Liaison |
|---|---|---|---|
| **Quality Professional Services Committee**<br><br>***NOTE:*** *This meeting takes place on the* ***3rd Thursday*** *monthly.* | Daniel Boggan, Jr.<br>Michele Lawrence<br>Barry Zorthian, MD<br>**Medical Staff Members:**<br>Taft Bhuket, MD<br>Joe Walker, MD | Barry Zorthian, MD | Kerin Bashaw, VP Quality |
| **Strategic Planning Committee**<br><br>***NOTE:*** *This meeting takes place on the* ***3rd Monday*** *every other month.* | Michele Lawrence<br>Stanley M. Schiffman<br>J. Bennett Tate<br>Barry Zorthian, MD | Stanley M. Schiffman | Carladenise Edwards, CSO |

| Adhoc Committee Meetings – *NOTICE IS NOT REQUIRED FOR AD HOC MEETINGS – CLOSED & NO MINUTES* | Members | Chair | Liaison |
|---|---|---|---|
| **Adhoc Long Range Planning Committee** | Stanley M. Schiffman<br>Daniel Boggan, Jr.<br>Kirk E. Miller | Stanley M. Schiffman | Wright Lassiter, III, CEO |
| **External Committee Meetings (with BOS)** | **Members** | **Chair** | **Liaison** |
| **Joint BOS/BOT Committee** | Daniel Boggan, Jr.<br>Michele Lawrence<br>Valerie D. Lewis, Esq.<br>Kirk E. Miller<br>Ronald D. Nelson<br>Stanley M. Schiffman<br>J. Bennett Tate<br>Anthony B. Varni<br>Barry Zorthian, MD | Kirk E. Miller | Wright Lassiter, III, CEO |
| **Adhoc BOS/AHS Committee** | Daniel Boggan, Jr.<br>Kirk E. Miller | Daniel Boggan, Jr. | Wright Lassiter, III, CEO<br>Douglas B. Habig, GC |

## Section 1. Qualifications

### A. General Qualifications

The Board of Trustees should, to the extent possible, reflect both the expertise necessary to maximize the quality and scope of care of AHS in a fiscally responsible manner and the diverse interests that AHS serves. Desirable skills include, but are not limited to, business management, public health, health care administration, personnel management and labor relations, medical services, managed care, consensus building, finance, fund raising, and cultural sensitivity.

### B. Specific Qualifications

Qualifications that are desirable in Trustees include the following:

(1) A familiarity with the health care delivery systems;
(2) A working knowledge of the existing health care funding sources;
(3) An understanding of the multitude of issues relating to participating in managed care programs;
(4) Experience with employee organizations;
(5) A strong business management, legal, finance and/or program management background;
(6) Experience with managing hospital services;
(7) Experience with, or understanding of, the delivery health (sic) care services by non-profit entities;
(8) An interest in or experience with the health care needs of the AHS patient populations;
(9) Experience in advocating for safety net institutions including, but not limited to , the pursuit of public funding for the delivery of health care services;
(10) Reside in Alameda County

### C. Disqualified Persons

(1) Persons who are providers of medical care, or are employed by a provider of medical care, who are or, in the view of the Board of Supervisors, may be in competition with AHS;
(2) With the exception of the representative of the Medical Staff and/or the Chief Executive Officer, persons employed by or who are contractors/vendors of AHS or who are employed by a vendor/contractor of AHS.

Except where prohibited by law, any disqualification may be waived by majority vote of the Board of Supervisors.

**THOMAS L. DRISCOLL**
**ATTORNEY AT LAW**

**MEMORANDUM**

**TO:** Board of Directors
City of Alameda Health Care District

**FROM:** Thomas L. Driscoll
General Counsel

**DATE:** April 3, 2014

**RE:** Pre-Closing Resolution regarding Alameda Health System Transaction

Attached for your consideration is a proposed Resolution addressing certain Pre-Closing agreements to effectuate the proposed Alameda Health System Transaction.

The City of Alameda Health Care District Board of Directors (the "Board") previously approved the execution of a Joint Powers Agreement ("JPA") between Alameda Health System ("AHS") and the City of Alameda Health Care District ("the District") for AHS to assume the possession, use, and control of Alameda Hospital (the "Hospital") from the District (the "Transaction"). The JPA was executed on November 26, 2013 and provides for closing on the date upon which AHS becomes the licensed operator of the Hospital. The closing date is currently expected to be on May 1, 2014 (12:01 AM).

One condition of Closing is the satisfactory completion of a 'Due Diligence' review by AHS, and AHS' approval of the results of that process. One outcome of that review was the review of a number of known but contingent liabilities, the likely expense of which has been estimated by the parties. The possibility also always exists that there could be unknown liabilities ("Undisclosed Pre-Closing Liabilities"), the expense of which is of course indeterminate. Accordingly, the AHS Board wishes to supplement the JPA with ancillary agreement(s) that would, among other things, permit AHS to elect to terminate the JPA under certain circumstances, such as if known but contingent liabilities, or Undisclosed Pre-Closing Liabilities, respectively, exceed agreed-upon levels within the first four years following the Closing.

For these purposes, Undisclosed Pre-Closing Liabilities of the Hospital are pre-closing liabilities that are NOT:

(A) reflected (directly or through reserves) on the audited balance sheet of District for Alameda Hospital dated June 30, 2013,

(B) incurred after such date in the ordinary course of business consistent with past practices, or

(C) specifically identified by the District prior to Closing.

The parties also desire to supplement the JPA with one or more ancillary agreements that would implement certain provisions of the Definitive Agreement (such as the transition of the workforce and the transfer of leases).

Since a number of these final details are still being worked out, it is requested that, by the attached resolution, this Board authorize the CEO of Alameda Hospital to execute, on behalf of the District, one or more ancillary agreements to the JPA that would (1) implement provisions of the Definitive Agreement (such as transition of the workforce and the transfer of leases), and (2) permit AHS to elect to terminate the JPA under certain circumstances, including if known but contingent liabilities exceed $1,500,000, or if Undisclosed Pre-Closing Liabilities exceed $750,000, within the first four years following the Closing.

**RESOLUTION NO. 2014-1L**

**BOARD OF DIRECTORS, CITY OF ALAMEDA HEALTH CARE DISTRICT**

**STATE OF CALIFORNIA**

*** * ***

RESOLUTION APPROVING ANCILLARY AGREEMENTS
TO JOINT POWERS AGREEMENT

WHEREAS, the City of Alameda Health Care District Board of Directors (the "Board") approved the execution of a Joint Powers Agreement ("JPA") between Alameda Health System ("AHS") and the City of Alameda Health Care District ("the District") for AHS to assume the possession, use, and control of Alameda Hospital (the "Hospital") from the District (the "Transaction"); and

WHEREAS, the JPA was executed on November 26, 2013 and provides for closing on the date upon which AHS becomes the licensed operator of the Hospital, which closing date is currently expected to be on May 1, 2014 (12:01 AM); and

WHEREAS, in connection with the anticipated closing of the Transaction, the AHS Board wishes to supplement the JPA with ancillary agreement(s) that would, among other things, (1) implement provisions of the Definitive Agreement (such as transition of the workforce and the transfer of leases), and (2) permit AHS to elect to terminate the JPA under certain circumstances, such as if known but contingent liabilities, or Undisclosed Pre-Closing Liabilities, respectively, exceed agreed-upon levels within the first four years following the Closing.

For these purposes, Undisclosed Pre-Closing Liabilities of the Hospital are pre-closing liabilities that are NOT:

(A) reflected (directly or through reserves) on the audited balance sheet of District for Alameda Hospital dated June 30, 2013,
(B) incurred after such date in the ordinary course of business consistent with past practices, or
(C) specifically identified by the District prior to Closing.

NOW, THEREFORE, BE IT RESOLVED, that the Board authorizes the CEO of Alameda Hospital to execute, on behalf of the District, one or more ancillary agreements to the JPA that would (1) implement provisions of the Definitive Agreement (such as transition of the workforce and the transfer of leases), and (2) permit AHS to elect to terminate the JPA under certain circumstances, including if known but contingent liabilities exceed $1,500,000, or if Undisclosed Pre-Closing Liabilities exceed $750,000, within the first four years following the Closing; and

BE IT FURTHER RESOLVED, that the Board authorizes the CEO of Alameda Hospital to execute additional ancillary agreements to the JPA and any other documents necessary or convenient to effectuate and memorialize the foregoing.

PASSED AND ADOPTED on April 8, 2014 by the following vote:

AYES: _____ NOES: _____ ABSTAIN: _____ ABSENT: _____

_____
J. Michael McCormick
President

_____
Tracy Jensen
Secretary

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: April 3, 2014

FOR: April 8, 2014 District Board Meeting

TO: City of Alameda Health Care District, Board of Directors

FROM: Deborah E. Stebbins
Chief Executive Officer

SUBJECT: CEO Report to the Board of Directors April, 2014

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1. **Affiliation Update**

At their meeting on March 25, 2014, Alameda Health System (AHS) Board authorized all the final paperwork required for the affiliation with the District / Hospital to be executed, leading the way for close of the affiliation on May 1, 2014 at 12:01 am. The District Board will be asked to approve a similar resolution at the April 8, 2014 Board meeting. Pending such action, we expect the closing documents will be signed on April 18, 2014.

Two presentations have been made by the AHS Human Resources staff regarding new pension and health benefits to the leadership of all of our unions and to our managers. The same presentation will be given to non-represented employees on April 11, 2014. Our employees have raised questions to us on the probable disposition of their PTO, sick leave and extended sick leave accruals (i.e. whether they will be paid over or transferred over after they become AHS employees). AHS leadership has yet to decide on that but hopefully will by the time we hold Town Hall meetings at Alameda Hospital later this month.

We are on track to also implement the Lawson automated payroll system and the Kronos time and attendance systems on July 1, 2014. Automation of these systems will ultimately be a major time saver but there will be a significant training curve for both managers and employees.

The executive team has received an orientation to the proposed organizational structure both at the facility and system level and the same information will be shared with management and employees very soon by AHS.

The Organization Leadership Effectiveness Department (OLE) at AHS has conducted three focus groups (executive, manager, and manager/staff) and plans to hold additional staff focus groups in the next few weeks. The purpose has been to understand questions, concerns and aspects of the Alameda Hospital culture that our staff values in order to gear their communication and organizational transition planning.

Managers and physicians at both organizations have begun preliminary planning for organization of new service lines focusing on geriatrics and orthopedics.

One of the most intensive aspects of the affiliation close will be the need to discharge and admit all patients and LTC residents in house on the close date. These patients, referred to as "straddle" patients will personally be given individual letters explaining they will actually be billed for their stays by the two organizations (for stays prior to and after the close) and will be discharged from Alameda Hospital and admitted to the AHS organization. The latter will not be apparent to patients and residents but will entail a one-time significant workload for our physicians, IT, nursing ancillary departments to write and input new orders.

We are planning some modest celebratory activities in which the staff can meet the new AHS leadership later in the day on May 1.

2. **Quality Management Update**

Case Management and Social Services completed an 8 hour (2 – four sessions) team building training to help with communications and with increasing productivity on March 11 and April 1.

Executive Health Care Resources and Alameda Hospital Quality/Risk & Resource Management Department held an "Evening of Education" on March 25 for Internal medicine and hospitalists. The speaker was Kurt Hopfensper, MD, JD who covered topics such as CMS's two midnight rule, reducing readmissions, and improving documentation. Dr. Hopfensper is a board certified Neurologist and a Diplomate of National Board of Medical Examiners.

Alisa Stinn, HIM Director & Karen Taylor, Director for Quality/Risk & Resource Management are participating in a multidisciplinary team from AHS to plan and implement the ICD 10 effort for the health system. Training has been planned for the physicians and staff and will be adjusted to meet the recently announced decision to delay implementation of ICD-10 until October, 2015. This will allow additional time to plan and implement the best possible program.

3. **Bay Area Bone & Joint Center Update**

For February and March, 2014, there were 183 and 247 orthopedic visits, respectively at the Bay Area Bone and Joint Center (BABJC). During those same months there were 6 and 16 surgeries respectively performed by Drs. DiStefano and Pirnia at Alameda Hospital. Of the 16 surgeries performed in March, 3 were on patients from Alameda Health System. The 16 surgeries are the most performed in a single month since the orthopedists began in November, 2012.

In affiliation talks between Alameda Hospital and AHS, outpatient orthopedic surgery was projected to be our first joint venture. Discussions with Drs. DiStefano and Pirnia, the Orthopedists at AHS, and executives at both facilities took place on December 18, 2013. There have been about 70 AHS patients that received outpatient surgery from AHS physicians at Alameda Hospital for chronic pain and hand disorders in the first quarter of 2014. General orthopedic cases were added in

February, 2014. Opportunities to explore additional synergies between the BABJC surgeons and physicians in the orthopedic service at AHS are being explored.

4. **Community Relations and Foundation Update**

Alameda Hospital will be hosting volunteer reception on April 9, 2014. Board members, District committee members, Foundation Board, and the Auxiliary will be honored. The Auxiliary has recently provided $30,000 to the Hospital for the purchase of 8 telemetry monitor units.

The Health Insurance Counseling and Advocacy Program (HICAP) will begin to provide counseling services to seniors in mid April. This free community program will be offered twice a month in the Women's Health Center.

The Alameda Hospital Foundation has set a date for its Fall Gala: November 8, 2014, at Rockwall Wine Company. Nominations for the Kate Creedon award are now being accepted. The Foundation, on behalf of Alameda Hospital and its "Let's Move Alameda" community partners, received a grant from the Alameda Community Fund, for the purchase of posters and incentives for the community-wide program to help prevent and decrease childhood obesity.

Alameda Hospital will be participating in the following community events:

- Chamber of Commerce Business Expo – April 9, 2014
- Park Street Spring Festival – May 10, 2014
- Mastick Senior Center Walk – May 14, 2014
- Asian Pacific Islander Cultural Festival – May 18, 2014
- LOWV Community Forum – May 22, 2014

The Alameda Hospital Foundation is determining fundraising goals for the next year. Both the Finance/Investment/Audit Committee and the Development Committee are reviewing the Foundation's financial performance, future growth and fundraising goals, and capital needs of Alameda Hospital.

In addition, Alameda Hospital sponsored the following community events in March:

- Alameda Chamber of Commerce City Manager's Annual Luncheon – March 7, 2014
- Girl's Inc. of the Island City Women Who Dare – March 22, 2014

5. **Kate Creedon Center for Advanced Wound Care Update**

The Center had a total of 533 patient encounters in March, with 49 being new admissions and an overall patient census of 164 (7% increase from prior month). One hundred forty (140) of those patient encounters were HBOT. In the month of March the Center has maintained a waiting list for HBOT. The Center continues to drive ancillary services to Alameda Hospital with 389 procedures to Laboratory and 45 to Imaging in the first quarter of 2014. Additionally there were 13 surgical procedures resulting from initial wound center visits. 89% of the center's patients live outside of Alameda. The facility is running an 86.45% healing rate of the chronic wounds treated being 100% healed within 20 weeks of beginning treatment.

The Center has entered into new contractual relationships with Sutter East Bay Medical Foundation, which manages over 107,000 patient lives with 200 MD's and with The Centers for Elder Independence.

The Center continues to being active in community education, now working with Senior Helpline Services.

6. **Nursing Department Update**

We are pleased to announce that Lendra James, R.N., and Erik Abacan, R.N. joined the Nursing Management team in early March as Clinical Nursing Supervisors for the Acute Inpatient Units. Lendra and Erick will work on the nursing units not only on the day shift, but also will float to the evening, night, and weekend shifts on a regular basis. Their responsibilities include supervision of the nursing care on the units, coordination of care among departments, and education/training at the bedside. We have hired Delphina Tolbert, RN as the interim Nurse Manager for the Acute Inpatient Units to replace Clint Barnes, R.N., who resigned in late March.

Nurses' Week will again be celebrated May 6-12. Our annual Nursing Excellence award will be expanded this year. We will be adding a Nursing Excellence Award for those nurses working in the Sub Acute and Long Term Care units.

7. **Long Term Care (LTC) Update**

Our LTC buildings have just completed their annual survey with the Department of Public Health and annual inspection with the Life Safety Inspector. Waters Edge and South Shore continue to focus of culture change items while the Sub Acute Unit continues to focus on helping our residents reach levels of healing that allow them to discharge to lower level of care facilities.

8. **Information Systems Update**

- Going LIVE with MEDITECH physician documentation and discharge routines in the ED on April 8
- Working with AHS on integration of the systems
- Preparing for Meaningful Use - Stage I year 2 that will start July 1

9. **Preliminary March Key Statistics**

| | March Preliminary | March Budget | % Δ compared to Budget | % Δ compared to February | February Actual |
|---|---|---|---|---|---|
| Average Daily Census | 188.74 | 200.20 | -5.7% | -1.6% | 191.80 |
| Acute | 26.64 | 36.50 | -27.0% | -5.5% | 28.20 |
| Subacute | 30.50 | 32.20 | -5.3% | 1.0% | 30.20 |
| South Shore | 24.70 | 23.50 | 5.1% | 5.6% | 23.40 |
| Waters Edge | 106.90 | 108.00 | -1.0% | -2.8% | 110.00 |
| Patient Days | 5,850 | 6,206 | -5.7% | 8.9% | 5,371 |
| ER Visits | 1,542 | 1,507 | 2.3% | 14.1% | 1,351 |
| Wound Care Visits | 529 | 400 | 32.3% | 26.6% | 418 |
| OP Registrations (excl WC) | 2,150 | 2,195 | -2.1% | 8.7% | 1,978 |
| Total Surgeries | 212 | 271 | -21.8% | 32.5% | 160 |
| Inpatient Surgeries | 44 | 53 | -17.0% | 10.0% | 40 |
| Outpatient Surgeries | 168 | 218 | -22.9% | 40.0% | 120 |
| Case Mix Index | 1.2550 | | | | 1.2103 |